



2021

RETAIL OPERATING PERFORMANCE REPORT

BASED ON 2020 RESULTS

WPA

World Pet Association

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BASED ON 2020 RESULTS



World Pet Association
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The 2021 World Pet Association Retail Operating Performance Report (a collaboration of the World Pet Association and Pet Store Pro) presents a detailed analysis of key operating data from the retail pet industry. Based on confidential surveys completed by 129 companies (representing 534 retail locations), the Retail Operating Performance Report includes a compilation and analysis of sales and operations data, as well as additional profile information.

The World Pet Association Retail Operating Performance Report is published by the World Pet Association (WPA) in collaboration with Pet Store Pro. WPA is a trade association whose mission is to bring the pet world together, so quality interaction and education between and among product suppliers and pet owners can create healthier, happier pets and a healthier, more productive pet industry.

The 2021 World Pet Association Retail Operating Performance Report was compiled, tabulated and analyzed by Industry Insights, Inc. (www.industryinsights.com), an independent professional research and consulting firm that specializes in conducting financial operating surveys, compensation studies, market assessment surveys, customer satisfaction research, educational programs and other forms of customized research.

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Introduction

About This Report

The World Pet Association Retail Operating Performance Report (based on 2020 results) has been designed to provide easy-to-understand guidelines for identifying business performance improvement opportunities.

The World Pet Association Retail Operating Performance Report was prepared by Industry Insights, Inc. of Columbus, Ohio, while working closely with WPA and Pet Store Pro representatives in the design of the study. Confidential survey forms (refer to the Appendix for a sample) were made available to WPA members and Pet Store Pro users in late March 2021. Respondents could complete their survey by using an online survey form or completing a downloadable hard-copy version of the questionnaire.

Following the survey period, a confidential identification code was assigned to each organization. The data were entered into a proprietary system and reviewed and edited by Industry Insights' analysts. All information was then compiled and thoroughly reviewed to ensure responses were reasonable and fit within certain guidelines.

As a safeguard to ensure the confidentiality of all responses, a minimum of 5 responding organizations for each value is required in order to show means and medians. An asterisk (*) replaces the values for all cases in which the data sampling fails to meet both requirements.

This report includes comparative financial ratios, sales mix data and company profile information. The data in this report, coupled with the online portal, have been segmented to reveal findings and provide tools that allow insights for business improvement opportunities and strategy development.

This report provides an "abridged" view of the survey results where the data is segmented by all responding companies, the type of business operated, and subsets within each type of business (by sales volume and profitability). In cases where a more precise data segment is desired, all survey participants and report

purchasers may access the interactive, Online Reporting Tools (housed in the online WPA Benchmarking Portal at www.WPASurvey.com), which allows for more specific data analyses (provided sampling requirements are met) than this report could reasonably contain. Users of the Online Reporting Tools are able to customize their own data cuts to create benchmarks that most closely match their circumstances or areas of interest. Additional filter options available through the Online Reporting Tools include: number of locations, square footage, community size served, and region.

In addition to the Online Reporting Tools, a valuable feature of the World Pet Association Retail Operating Performance Report is that all companies participating in the survey automatically receive a free confidential Company Performance Report. This report presents a company's own ratios and data computed in a manner consistent with those appearing in the full benchmarking report, and it is displayed alongside the appropriate industry comparatives.

As shown on the following page, on any given line of the Company Performance Report, a company's own data is included along with reported norms for all respondents and for similar companies. Thus, the individual owner/manager is provided invaluable information without needing to spend time and effort performing the calculations manually.

Sample Company Performance Report pages are shown on the following page.



Introduction

Sample Company Performance Report

The images on this page provide a sample of each of the sections that are included in each participant's Company Performance Reports (CPR). The actual CPR that participants receive contains information about their organization, compared against other similar companies and formatted as the pages below.

Company #: SAMPLE
Net Sales: \$1,250,000

World Pet Association Retail Operating Performance Report
Company Report Card

KEY PERFORMANCE MEASURES	Rating
Net Profit Margin	>>>> STRONG <<<<
Operating Margin	???? WEAK ????
Asset Turnover	>>>> GOOD <<<<
Return on Assets	>>>> STRONG <<<<
Return on Net Worth	>>>> GOOD <<<<

MANAGEMENT RATIOS	Rating
Inventory Turnover	>>>> GOOD <<<<
Turn & Earn Profitability Index	???? FAIR ????
Financial Leverage	???? WEAK ????
Debt To Equity	???? WEAK ????

CASH CYCLE	Rating
Average Collection Period (Days)	>>>> GOOD <<<<
Average Days in Inventory	>>>> GOOD <<<<
Average Days in Payables	???? FAIR ????
Cash Cycle (Days)	>>>> GOOD <<<<

LIQUIDITY	Rating
Current Ratio	>>>> GOOD <<<<
Quick Ratio	>>>> GOOD <<<<

SALES PERFORMANCE	Rating
Sales Growth	>>>> STRONG <<<<
Forecasted Sales Growth	>>>> STRONG <<<<

EMPLOYEE PRODUCTIVITY RATIOS	Rating
Total Revenues Per Employee	>>>> STRONG <<<<
Total Payroll As A % Of Total Revenues	>>>> STRONG <<<<

NOTE: THE ABOVE EVALUATIONS ARE BASED ON COMPARISONS OF YOUR FIRM VERSUS THAT OF OTHER SURVEY PARTICIPANTS. THESE ASSESSMENTS MAY NOT NECESSARILY STRENGTHS OR WEAKNESSES AS INDICATED. RATHER, THESE ARE MERELY MEANT TO POINT OUT AREAS YOU MIGHT WANT TO INVESTIGATE FURTHER.

Company #: SAMPLE
Net Sales: \$1,250,000

World Pet Association Retail Operating Performance Report

OVERALL KEY PERFORMANCE MEASURES	Your Firm	All Firms	Profit Leaders	Net Sales \$1M to \$3M	# of Locations One	Sq Ft <3,000	Bus. Type Dry Goods	Comm. Size Over 1 Million	Region Midwest
Net Profit Margin	6.0%	5.0%	10.0%	3.5%	5.0%	7.4%	3.6%	5.2%	7.0%
Operating Margin	48.8%	49.0%	55.6%	46.9%	51.0%	52.1%	36.3%	51.0%	48.6%
Asset Turnover (Total Revenues/Total Assets)	5.0	4.9	6.8	5.1	4.4	4.5	5.1	4.5	4.3
Return on Assets (Net Profit as a % of Total Assets)	20.9%	13.2%	6.8	9.0%	14.0%	25.9%	13.3%	21.1%	9.9%
Return on Net Worth (Net Profit as a % of Net Worth)	43.7%	23.1%	133.8%	32.7%	23.1%	41.5%	36.4%	29.1%	30.0%

Your data compared to the appropriate industry norms

Company #: SAMPLE
Net Sales: \$1,250,000

World Pet Association Retail Operating Performance Report

INCOME STATEMENT (as a % of Total Revenues)	Your Firm	All Firms	Profit Leaders	Net Sales \$1M to \$3M	# of Locations One	Sq Ft <3,000	Bus. Type Dry Goods	Comm. Size Over 1 Million	Region Midwest
Revenue and Cost of Goods									
Net Sales of Merchandise	88.8%	85.5%	71.6%	89.2%	83.5%	76.0%	99.6%	79.0%	84.4%
Income from Grooming	11.1%	10.1%	18.5%	6.5%	11.2%	18.6%	0.1%	15.6%	8.0%
Income from Boarding of All Animals	3.8%	2.3%	8.1%	3.1%	2.7%	4.1%	0.0%	3.4%	7.1%
All Other Income	1.5%	2.2%	1.8%	1.3%	2.7%	1.3%	0.3%	2.1%	0.5%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	51.2%	51.0%	44.4%	53.1%	49.0%	48.0%	63.7%	49.0%	51.4%
Operating Margin	48.8%	49.0%	55.6%	46.9%	51.0%	52.1%	36.3%	51.0%	48.6%
Payroll Expenses									
Salary, Wages, Bonuses—Owners, Partners, Officers	6.2%	5.8%	7.4%	4.9%	5.8%	7.8%	5.0%	6.3%	6.7%
Salary, Wages, Bonuses—All Other Employees	14.3%	15.5%	13.5%	15.5%	16.0%	14.0%	9.6%	14.3%	15.8%
Payroll Taxes	1.8%	2.0%	1.7%	1.9%	2.1%	1.7%	1.1%	1.8%	2.5%
Employee Benefits Expenses	0.8%	0.8%	1.0%	0.8%	0.8%	0.7%	0.5%	0.9%	0.6%
Total Payroll Expenses	23.1%	24.0%	23.5%	23.2%	24.7%	24.2%	16.1%	23.3%	25.6%
Occupancy Expenses									
RENT (including common area charges)	7.9%	8.3%	8.7%	6.1%	8.6%	8.7%	7.6%	8.8%	6.8%
Insurance (general liability, loss coverage, etc.)	0.8%	0.7%	0.8%	1.0%	0.8%	0.7%	0.5%	1.1%	0.6%
Utilities (except Telephone)	1.5%	1.6%	1.6%	1.7%	1.6%	1.4%	1.1%	1.9%	1.3%
Total Occupancy Expenses	10.2%	10.6%	11.2%	8.9%	10.9%	10.8%	9.2%	11.7%	8.6%
General & Administrative Expenses									
Professional Services (e.g., accounting, legal, etc.)	0.6%	0.6%	0.7%	0.8%	0.6%	0.5%	0.3%	0.7%	0.8%
Advertising and Promotion	2.2%	2.0%	3.1%	2.5%	2.1%	2.0%	2.0%	2.3%	1.3%
Insurance (general liability, loss coverage, etc.)	0.9%	0.8%	1.0%	1.0%	0.9%	1.0%	0.5%	1.1%	0.6%
Depreciation/Amortization Expense	0.8%	0.9%	0.8%	0.8%	0.7%	0.7%	0.9%	0.9%	0.5%
Office Expenses (stationery, office supplies, software, etc.)	1.1%	1.1%	1.0%	1.2%	1.2%	1.0%	1.0%	1.0%	1.2%
Telephone	0.6%	0.6%	0.7%	0.4%	0.6%	0.7%	0.5%	0.6%	0.8%
Travel and Entertainment	0.6%	0.6%	0.7%	0.6%	0.6%	0.5%	0.5%	0.8%	0.7%
Licenses, Permits and Other Taxes	0.4%	0.4%	0.4%	0.3%	0.5%	0.4%	0.5%	0.4%	0.2%
Other Operating Expenses (auto & delivery, fuel, etc.)	2.3%	2.5%	1.8%	3.8%	2.5%	2.2%	1.2%	3.2%	3.4%
Total General and Administrative Expenses	9.5%	9.4%	10.0%	11.4%	9.8%	9.7%	7.4%	10.9%	7.5%
Total Operating Expenses	42.8%	44.1%	44.7%	43.4%	45.4%	44.6%	32.7%	45.8%	41.7%
Net Operating Profit	6.0%	5.0%	10.9%	3.5%	5.6%	7.4%	3.6%	5.2%	7.0%
Interest Income (Expense)	-0.2%	-0.2%	-0.2%	-0.3%	-0.2%	-0.2%	-0.2%	-0.5%	0.1%
Other Income (Expense)	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	-0.1%	0.0%
Net Income (or Loss) Before Tax	5.8%	4.7%	10.8%	3.2%	5.4%	7.2%	3.4%	4.6%	7.0%

Page 3

A "report card" evaluation of your own firm's performance



Introduction

How To Use This Report

This World Pet Association Retail Operating Performance Report has been designed to help companies evaluate their own performance relative to that of similar companies in order to identify improvement opportunities. The statistics in this report represent broad performance “yardsticks” against which a company’s performance can be measured.

Using the information within this report, industry members can compare their own company’s financial, operating, and sales figures with: the group of participants as a whole, the type of business operated, and subsets within each type of business (by sales volume and profitability). Spotting significant differences between your own company’s performance and the composites can be the first step toward improving performance. Please keep in mind:

1. A deviation between your company’s figures (for any performance measure) and numbers in the report is not necessarily good or bad. It merely indicates additional analysis may be required. As a rule, the larger the difference, the greater the need for further investigation.
2. In situations where large deviations do exist, it may be helpful to go back and calculate the same performance measure over the past several years to identify any trends that may exist.
3. The information in this report should be used as a tool for informed decision making rather than absolute standards. Since companies differ as to their product emphasis, location, size, and other factors, any two companies can be successful yet have very different experiences with regard to certain performance measures.

How the Report is Organized

The survey results have been separated into four chapters. Each chapter examines the key findings through the use of textual analysis and a number of charts, graphs, and tables. This year’s chapters examine respondent information by all responding companies, type of business, and subsets within each type of business. The report has been segmented to focus on the type of business as each business type does not operate identically and the financial practices of each type can vary greatly. The following shows the breakdown of the groupings include in each chapter:

Chapter 1: All Respondents and Type of Business – provides a general overview of the demographics of responding companies. Additionally, in this chapter, the detailed information is shown by all responding companies and business type. In particular, the data are segmented by:

- All Respondents
- Type of Business:
 - Pet Stores with Animals
 - Pet Stores Dry Goods Only
 - Grooming Stores with Retail Supplies

Chapter 2: Pet Stores with Animals – this chapter analyzes the data for those businesses that are pet stores that sell animals. The data are segmented by:

- All Pet Stores with Animals
- Profit Leaders (Based on Net Profit—top 50% of pet stores that sell animals)
- Net Sales
 - Less than \$1 Million
 - \$ 1 Million or More

Chapter 3: Pet Stores – Dry Goods Only – this chapter analyzes the data for those businesses that are pet stores that sell dry goods only. The data are segmented by:

- All Pet Stores – Dry Goods Only
- Profit Leaders (Based on Net Profit—top 50% of pet stores that sell dry goods only)
- Net Sales
 - Less than \$1 Million
 - \$1 Million or More

Chapter 4: Grooming Stores with Retail Supplies – this chapter analyzes the data for those businesses that are grooming stores that also sell retail supplies. The data are segmented by:

- All Grooming Stores with Retail Supplies
- Profit Leaders (Based on Net Profit—top 50% of grooming stores that also sell retail supplies)
- Net Sales
 - Less than \$1 Million
 - \$1 Million or More



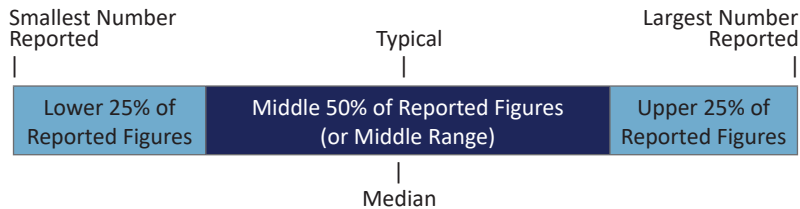
Introduction

As a reminder, additional filters are available on the Online Reporting Tools. These include: number of locations, square footage, community size served, and region.

- Number of Locations:
 - One Location
 - Multiple Locations
- Retail Square Footage:
 - Less than 3,000 SF
 - 3,000 to 10,000 SF
 - Over 10,000 SF
- Community Size:
 - Population Less than 100,000
 - Population 100,000 to 1 Million
 - Population Over 1 Million
- Geographic Region:
 - Northeast - South
 - Midwest - West

How to Interpret the Numbers

Most of the results included in this study are reported on the basis of medians rather than arithmetical averages or means. Unlike the mean, the median is not distorted by a few unusually high or low values that may exist in the sample due to special circumstances. The “median” value represents the mid-point of the data for a particular measure, with one-half of the respondents reporting figures above it and one-half below. Each median was computed independently based on the companies that reported for that item. As a result, mathematical relationships do not always exist when different ratios are used together in the calculation.



Reported figures were not used unless they were in accordance with the survey instructions and definitions. In cases where the number of companies reporting was considered inadequate for the computation of a meaningful figure, blank spaces appear in the tables, or an insufficient data (*) notation is included.

Further insights into how to use this report are included in the Appendix section entitled: “Key Ratio Definitions.”

Using Ratios

While it is important to analyze financial information in dollars and cents, it is essential that percentages and ratios be used if the data is to be compared to past performance or to reported standards. For example, it is necessary to know your annual employee compensation expense, but it is even more essential to compare this expenditure with the value it produces. A useful measure of effectiveness of compensation expense is the percentage that payroll expense is relative to sales. Therefore, a ratio such as total payroll expense as a percent of sales can be useful in determining how efficiently your company uses its payroll dollars over time or compared to similar pet retail companies in general.

In addition, just as dollar figures are not overly meaningful by themselves; ratios should not be used in isolation. In combination they can provide an extremely accurate overall picture of financial performance and financial position. Financial performance refers to how well a facility performs over a period of time (generally one year) and financial position refers to financial strength at a given point in time.

The tables in this report include key ratios for comparing your company’s performance to norms experienced by other pet retailers in the following key areas: return on investment (profitability), profit margin management, financial management, cash cycle, liquidity measures, sales performance, employee management and space productivity.

Summary and Conclusions

While the volume of information in this report may, at first, seem overwhelming, by following the approach outlined in the preceding pages, your time and efforts can be channeled into a very effective and beneficial analysis. To summarize:

- Step 1—** Gather all your financial, operating, and sales figures for your latest fiscal year. If you participated in this year’s study, this has already been done for you.
- Step 2—** Calculate the various performance measures for your company that are used in the report. Start with the “Overall Key Performance Measures.” (If you participated in the survey and filled out the survey form completely, most of the calculations have already been made for you.)
- Step 3—** Determine which data comparisons in this report are most comparable to your company.
- Step 4—** Use the information in this report to analyze your company’s strengths and weaknesses.

Even a relatively simple analysis of your company’s own figures using the data for comparisons can yield important insights into your business. You do not have to be a financial expert to benefit from this information.

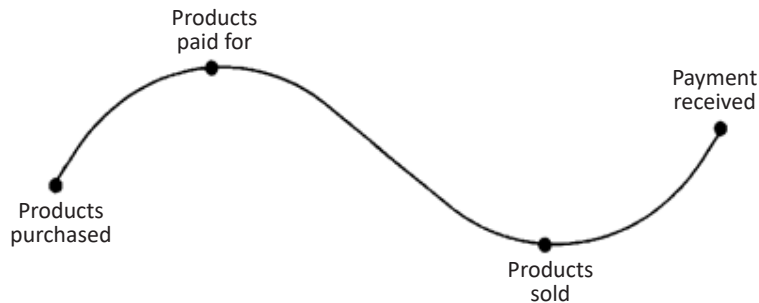


Introduction

Cash Flow Management

Cash flow management (i.e., effectively satisfying short term cash obligations relative to available cash) is, to a large extent, just as important as profits to any given retailer. In fact, poor cash management is one of the main causes of business failures, particularly among small to medium size companies. A cash shortage due to poor planning can set off a chain of disastrous consequences, even in a profitable company.

The key to effective cash management is to systematically and accurately define cash needs relative to cash resources over specific time intervals. In essence, this begins with the management of working capital, in the form of accounts receivable, inventory and payables. The cash flow cycle is the length of time, in days, from the initial payment of cash for materials (or services) to the receipt of cash from the collection of accounts receivable (or from cash sales). This cycle determines a company's cash turnover and, most important, the minimum cash balance required for continuing operations.



MEASURES FOR EVALUATING CASH FLOW

RATIO	RATIO CALCULATION	EXAMPLE
Days payables outstanding	Accounts Payable ÷ Purchases per day*	21
Average collection period	(Accounts Receivable ÷ Credit Sales per day) times Credit Sales as a % of Total Sales	52
Average days in inventory	Average Inventory ÷ Cost of Goods Sold per day	50
Cash cycle (in days)	Days of Inventory + (Days of Receivables minus Days of Payables) (#2 + #3 - #1)	81
Cash turnover	365 ÷ Cash Cycle (in days)	4.5
Minimum cash requirement	Annual Cash Expenditures (i.e., cost of sales plus operating expenses plus interest expense)** ÷ Cash Turnover Rate	\$445,000

*Also can be expressed as $(Accounts Payable \times 365) \div Purchases$.

**Assumes, for illustration purposes, \$2,000,000 of annual cash expenditures.

In the chart above, the first three ratios are used to calculate the next three ratios. The final ratio shown represents the minimum cash requirement for a hypothetical company that pays out \$2,000,000 in annual cash expenditures. By calculating the six ratios for your own company, you can derive your own estimated minimum cash requirement figure.



CHAPTER 1

All Respondents and Type of Business



Key Findings

Listed below is a summary of key findings related to all responding companies and respondents by type of business. Additional key findings by type of business are included in each business type's corresponding chapter.

Respondent Profile

- The most popular response for the **type of business** operated were Pet Store – Dry Goods Only (43.0%) and Pet Store with Animals (29.7%), followed by Grooming Store with Retail Supplies (17.2%), then Aquarium Store (7.3%) and Online Retailers (2.3%).
- The size of **the community served** can often influence financial performance. Just over 70% of all respondents indicated that the population of their community is 100,000 or more.
- Over 30% of all respondents were from the West **region** of the United States, followed by the South **region** (28.1%).
- The median store size for Pet Stores with Animals was 4,246 square feet, Pet Stores – Dry Goods Only had a store size of 2,857 square feet, and Grooming Stores with Retail Supplies reported a store size of 3,400 square feet.
- 5.6% of respondents are a **franchise operation**.
- The typical respondent has been in business for 17.5 years. The typical respondent operating a Pet Store with Animals has been in business for 30 years while the typical Grooming Store with Retail Supplies has been in business for 9 years.
- \$1,250,950 was the typical **sales volume** for survey respondents. Looking at sales by type of business, the Pet Stores – Dry Goods Only had sales just over \$1.4 million, while the typical respondent operating a Pet Stores with Animals reported sales just under \$1.3 million, and the Grooming Stores with Retail Supplies had typical sales of \$577,771.
- 8.5 **full-time equivalent employees** (FTEs) was the median response for all responding stores.



CHAPTER 1

All Respondents and Type of Business

Key Financial Measures

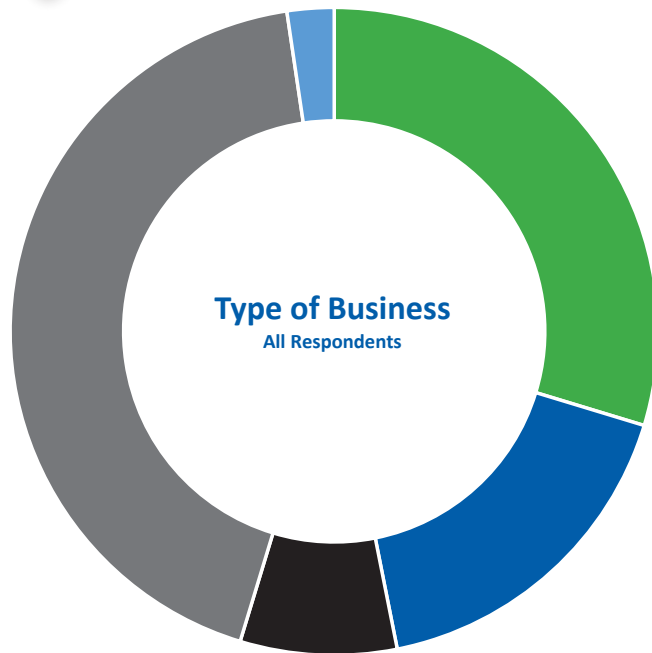
- \$44.80 was the median **sales per transaction** reported by all responding companies. The Grooming Store with Retail Supplies business type category had the highest sales per transaction of \$46.49, followed by Pet Stores – Dry Goods Only (\$45.64), and Pet Stores with Animals (\$33.23).
- **Return on assets** is a good overall indicator of company profitability performance and is calculated as net profit before taxes as a percent of total assets. The typical respondent's return on assets performance during 2020 was 21.7% for the year.
- **Return on net worth** indicates the profit earned as a percent of net worth (or owner's equity) and measures the amount of profit generated from the dollars invested in the company by ownership. The typical respondent reported a return on net worth of 31.1%. Pet Stores with Animals reported the highest return on net worth of all the business types with a 52.9% return.
- **Operating Margin** (sales minus cost of goods sold) is a useful ratio to measure your company's pricing strategy and efficiency of your operations. The typical respondent experienced an operating margin of 46.5%. Grooming Stores with Retail Supplies had the highest operating margin (62.1%), which makes sense due to this business type generating much of their revenue from services rather than retail sales.
- The average **payroll expense** for responding companies was 24.2%, the average **occupancy expense** was 8.4%, and the average **general and administrative expense** was reported to be 8.3%. These three expense categories combined for an average **total operating expense** of 40.9%.
- After subtracting out cost of goods sold and total operating expenses, respondents reported a 5.7% **net profit margin** (as a percent of total revenues). Pet Stores with Animals were the most profitable business type with an average net profit of 6.6%.
- The typical respondent reported **sales growth** of 3.4% in 2020 versus 2019 and all four business types reported growth in 2020, ranging from 2.2% to 5.3%. **Forecasted sales growth** for 2021 was reported to be 5.0%.
- **Inventory turnover** shows how rapidly inventory is moving and is calculated by cost of goods sold divided by average inventory. In any retail industry, this is a metric that should be tracked closely, as having too much inventory on hand can financially limit a company. The typical respondent reported 6.0 inventory turns while Pet Stores – Dry Goods Only had the highest turns of 6.6, followed by Grooming Stores (6.1).
- **Asset turnover** tells us how many sales dollars are being generated by each dollar of assets employed in running the business. Overall respondents to this year's study reported a median asset turnover of 5.0 for the year. Pet Stores – Dry Goods Only had the highest asset turnover of any of the business types, reporting turns of 5.3 during 2020.
- **Financial leverage** (total assets divided by net worth) and the **debt to equity ratio** (liabilities divided by net worth) are good indicators of how much a company is financed by debt versus the equity invested by the owners. The typical respondent reported a median financial leverage value of 1.6 and a median debt to equity ratio of 0.6. A debt to equity ratio of 1.0 would indicate that owners have an equal stake in the company's assets as outside creditors/lenders. A low debt to equity ratio typically implies a very stable organization.
- The **current ratio** is a liquidity measure and it indicates a firm's ability to pay short-term debt with funds (assets) currently available. The higher the value, the easier it will be for a company to pay off debt that is coming due. The typical respondent reported a current ratio of 2.7, and all company types had a value of 1.8 or higher.
- The **quick ratio** is another liquidity measure but subtracts inventory from current assets since inventory is not readily convertible to cash. The typical overall respondent reported a quick ratio of 0.8. Pet Stores – Dry Goods Only and Grooming Stores with Retail Supplies had the lowest ratios at 0.7, while Pet Stores with Animals had the highest at 0.9.



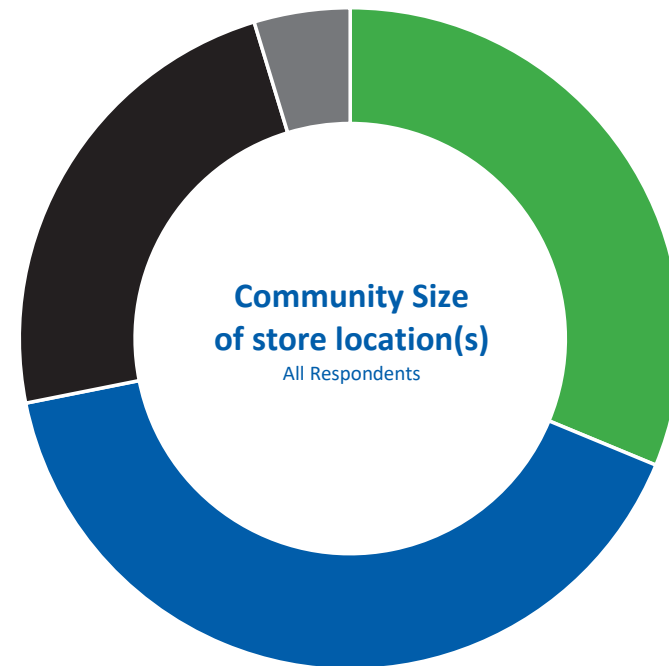
CHAPTER 1 All Respondents and Type of Business



Executive Summary



Pet Store with Animals	29.7%
Grooming Store w Retail Supplies	17.2%
Aquarium Store	7.8%
Pet Store Dry Goods Only	43.0%
Online Retailer	2.3%



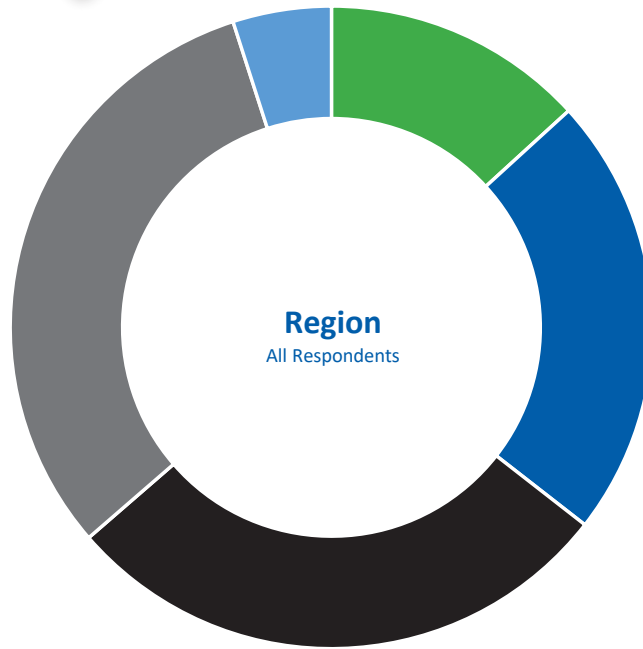
Major Metro Area (over 1 million population)	31.3%
Moderate size city (100,000 to 1 million)	40.6%
Small city (25,000 to less than 100,000)	23.4%
Town of fewer than 25,000 or rural area	4.7%



CHAPTER 1 All Respondents and Type of Business

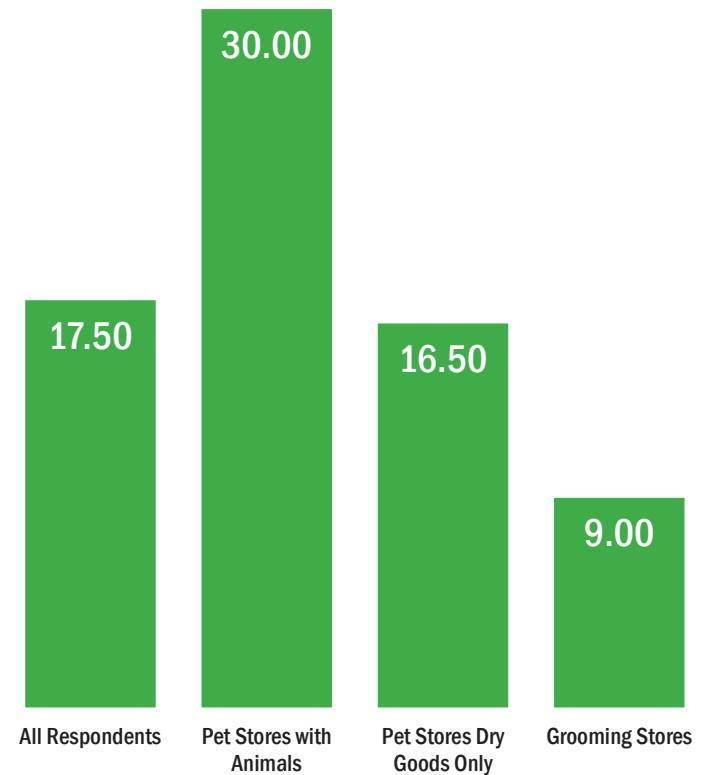


Executive Summary



Northeast	13.2%
Midwest	22.3%
South	28.1%
West	31.4%
Canada	5.0%

Years in Operation

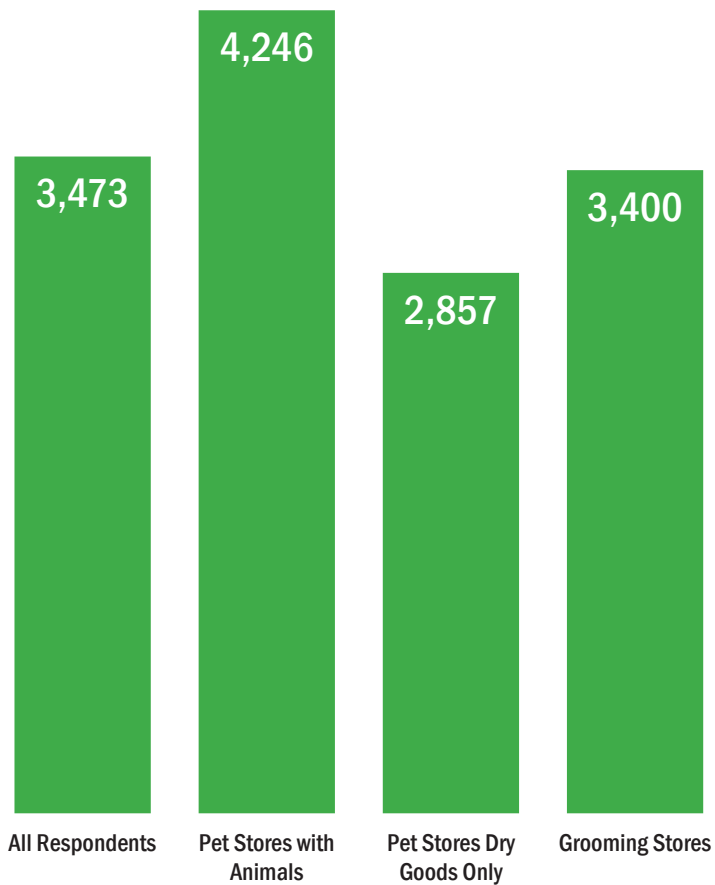




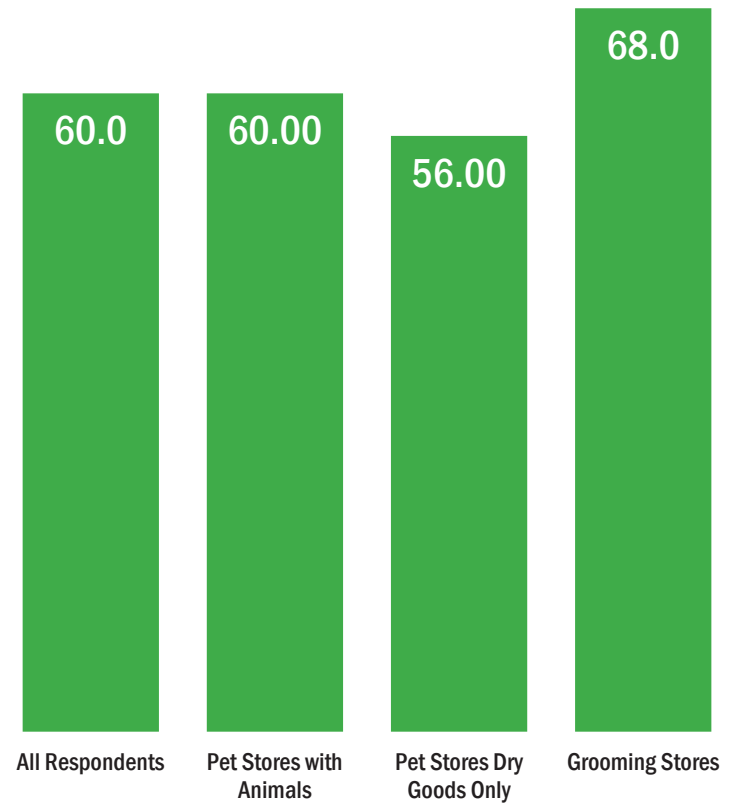
CHAPTER 1 All Respondents and Type of Business

Executive Summary

Total Square Feet Per Store



Weekly Hours of Operation



* = Insufficient Data



CHAPTER 1

All Respondents and Type of Business



Sales and Employee Information



\$1,250,950

Sales

\$44.80

Sale Price per Transaction



\$181,279

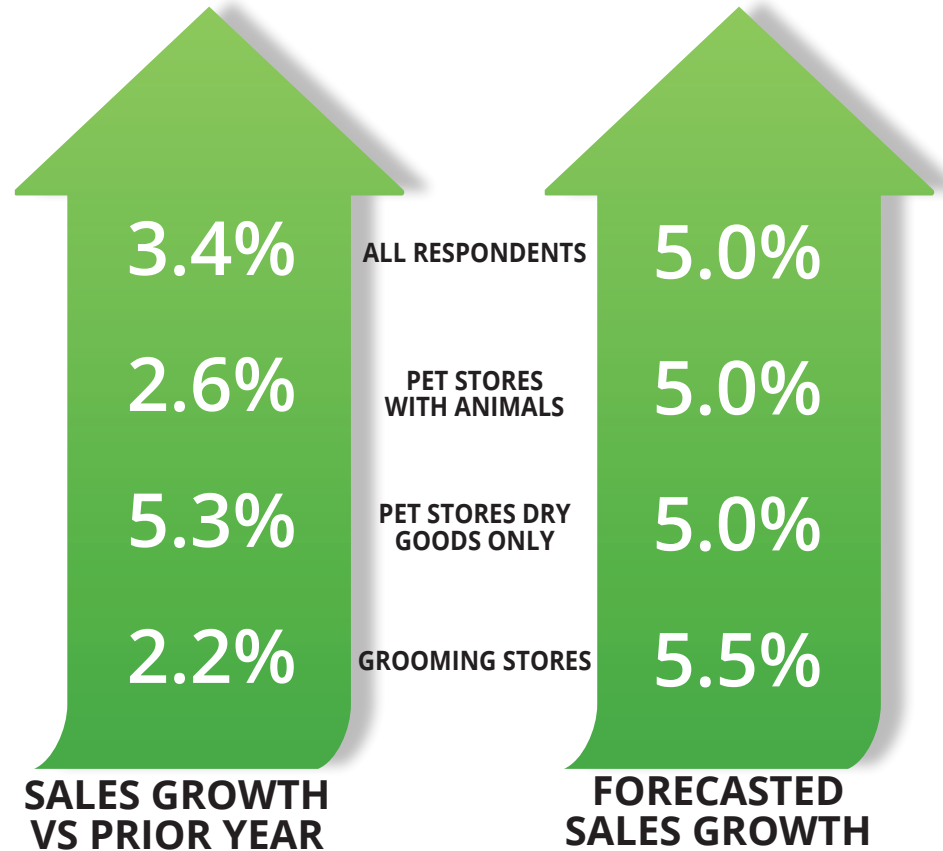
Total Revenues
Per Employee

8.5

Number of
Employees
(in FTEs)

24.2%

Total Payroll as a %
of Total Revenues





CHAPTER 1 All Respondents and Type of Business

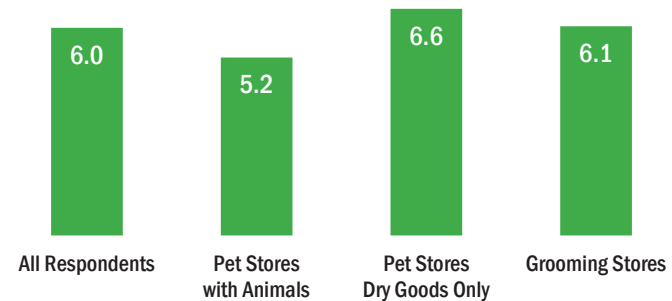
Overall Key Performance Measures



Operating Margin (Operating Margin as a % of Total Revenue)



Inventory Turnover (Cost of Goods Sold/Inventory)



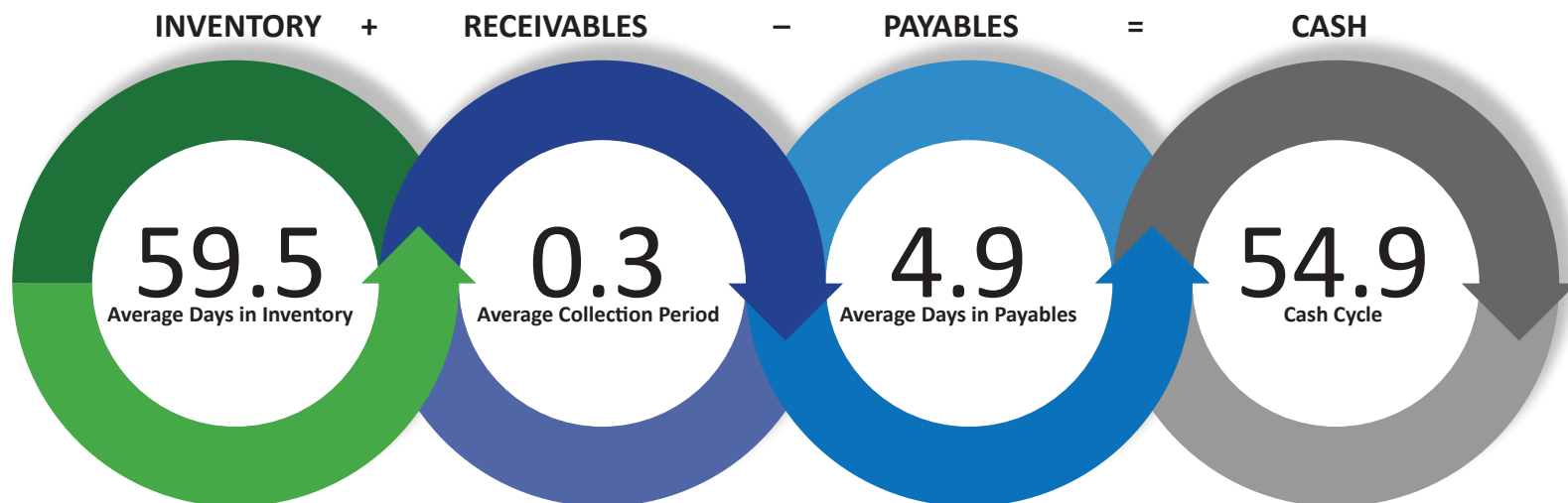


CHAPTER 1 All Respondents and Type of Business

Total Revenues Per Selling Square Foot



CASH CYCLE





CHAPTER 1 All Respondents and Type of Business

Multi-year Trend Comparison

Chapter 1 - All Respondents and Type of Business

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
OVERALL KEY PERFORMANCE MEASURES							
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	4.4%	5.0%	7.0%	7.7%	7.8%	7.4%	5.7%
Operating Margin (Operating Margin as % of Total Revenues)	47.2%	49.0%	49.4%	52.7%	52.8%	50.5%	46.5%
Asset Turnover (Total Revenues/Total Assets)	6.3	4.9	4.6	4.5	4.4	4.3	5.0
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	17.9%	13.2%	19.0%	17.3%	18.7%	20.6%	21.7%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	34.4%	23.1%	38.8%	40.2%	34.6%	38.5%	31.1%
MANAGEMENT RATIOS							
Inventory Turnover (Cost of Goods Sold/Inventory)	6.5	5.8	5.6	5.5	5.3	5.5	6.0
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	229.4%	217.6%	233.5%	233.6%	221.0%	224.7%	247.9%
Financial Leverage (Total Assets/Net Worth)	2.0	2.0	1.8	1.5	1.5	1.4	1.6
Debt to Equity	1.0	0.9	0.8	0.6	0.5	0.5	0.6
LIQUIDITY MEASURES							
Current Ratio (Current Assets/Current Liabilities)	1.7	1.9	1.6	1.6	2.1	2.5	2.7
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.5	0.6	0.5	0.5	0.6	0.7	0.8
EMPLOYEE PRODUCTIVITY RATIOS							
Total Revenues Per Employee	\$146,400	\$150,000	\$131,162	\$150,411	\$157,970	\$180,939	\$181,279
Total Payroll as a % of Total Revenues	23.9%	24.0%	21.7%	24.0%	24.5%	24.4%	24.2%
SALES PERFORMANCE							
Median Current Year Sales	\$804,303	\$900,000	\$863,704	\$850,000	\$946,835	\$977,512	\$1,250,950
Average Current Year Sales	\$3,147,065	\$3,120,759	\$2,352,418	\$3,020,607	\$2,428,688	\$2,121,488	\$5,801,710
Median Net Sales per Location	\$742,000	\$846,663	\$803,487	\$728,814	\$859,231	\$875,861	\$1,000,000
Average Net Sales per Location	\$1,198,600	\$1,186,491	\$945,406	\$1,634,645	\$1,718,196	\$1,219,970	\$1,384,742
Sales Growth	4.5%	7.2%	5.3%	5.3%	5.9%	4.4%	3.4%
Forecasted Sales Growth	9.5%	9.5%	5.8%	6.0%	6.0%	2.0%	5.0%



CHAPTER 1 All Respondents and Type of Business

Multi-year Trend Comparison

Chapter 1 - All Respondents and Type of Business	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
INCOME STATEMENT (as a % of Total Revenues)							
<i>Revenue and Cost of Goods</i>							
Net Sales of Merchandise	85.7%	85.5%	86.4%	86.9%	83.9%	86.4%	92.6%
Income from Grooming	11.6%	10.1%	8.5%	9.0%	12.2%	11.3%	4.9%
Income from Boarding of All Animals	0.9%	2.3%	2.8%	1.8%	2.0%	0.8%	0.3%
Forgiven PPP Loans	*	*	*	*	*	*	2.0%
All Other Income	1.8%	2.2%	2.3%	2.3%	2.0%	1.6%	0.3%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	52.8%	51.0%	50.6%	47.3%	47.2%	49.6%	53.5%
Operating Margin	47.2%	49.0%	49.4%	52.7%	52.8%	50.5%	46.5%
<i>Payroll Expenses</i>							
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	4.7%	5.8%	4.9%	5.3%	4.9%	4.9%	5.0%
Salary, Wages, Bonuses, Commission--All Other Employees	16.3%	15.5%	14.1%	15.8%	16.8%	16.4%	16.1%
Payroll Taxes	2.2%	2.0%	2.0%	2.1%	2.1%	2.1%	1.8%
Employee Benefits Expenses	0.7%	0.8%	0.6%	0.8%	0.7%	1.1%	1.3%
Total Payroll Expenses	23.9%	24.0%	21.7%	24.0%	24.5%	24.4%	24.2%
<i>Occupancy Expenses</i>							
Rent (including common area charges)	7.5%	8.3%	9.7%	8.8%	8.6%	7.8%	6.7%
Repairs and Maintenance	0.8%	0.7%	0.6%	0.8%	0.9%	0.7%	0.6%
Utilities (except Telephone)	1.4%	1.6%	1.7%	1.7%	1.6%	1.5%	1.1%
Total Occupancy Expenses	9.7%	10.6%	12.0%	11.3%	11.0%	10.0%	8.4%



CHAPTER 1 All Respondents and Type of Business

Multi-year Trend Comparison

Chapter 1 - All Respondents and Type of Business	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<i>General & Administrative Expenses</i>							
Professional Services (e.g., accounting, legal, etc.)	0.5%	0.6%	0.7%	0.7%	0.6%	0.6%	0.5%
Advertising and Promotion	2.0%	2.0%	1.7%	1.7%	1.9%	1.8%	1.5%
Insurance (general liability, loss coverage, etc.)	0.9%	0.8%	0.7%	1.0%	1.0%	0.9%	0.6%
Depreciation/Amortization Expense	1.0%	0.9%	0.6%	0.7%	0.7%	0.7%	1.5%
Office Expenses (store/office supplies, computer equipment/software, general postage)	1.0%	1.1%	1.0%	1.4%	1.3%	1.2%	1.1%
Telephone	0.5%	0.6%	0.6%	0.6%	0.6%	0.5%	0.3%
Travel and Entertainment	0.4%	0.6%	0.4%	0.6%	0.6%	0.5%	0.2%
Licenses, Permits and Other Taxes	0.7%	0.4%	0.3%	0.2%	0.2%	0.2%	0.2%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	2.2%	2.5%	2.9%	3.0%	2.5%	2.3%	2.3%
Total General and Administrative Expenses	9.2%	9.4%	8.8%	9.8%	9.4%	8.6%	8.3%
Total Operating Expenses	42.8%	44.1%	42.4%	45.1%	45.0%	43.0%	40.8%
Net Operating Profit	4.4%	5.0%	7.0%	7.7%	7.8%	7.4%	5.7%
Interest Income (Expense)	-0.1%	-0.2%	-0.2%	-0.4%	-0.2%	-0.2%	-0.1%
Other Income (Expense)	-0.1%	0.0%	0.0%	0.1%	0.1%	0.1%	0.0%
Net Income (or Loss) Before Tax	4.2%	4.7%	6.7%	7.4%	7.6%	7.3%	5.6%



CHAPTER 1 All Respondents and Type of Business

Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
OVERALL KEY PERFORMANCE MEASURES					
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	5.7%	6.6%	4.6%	4.4%	9.9%
Operating Margin (Operating Margin as % of Total Revenues)	46.5%	46.9%	40.5%	62.1%	49.5%
Asset Turnover (Total Revenues/Total Assets)	5.0	4.9	5.3	5.0	6.1
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	21.7%	23.4%	9.3%	42.2%	60.1%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	31.1%	52.9%	27.7%	49.2%	*
MANAGEMENT RATIOS					
Inventory Turnover (Cost of Goods Sold/Inventory)	6.0	5.2	6.6	6.1	8.8
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	247.9%	217.0%	247.9%	189.9%	353.7%
Financial Leverage (Total Assets/Net Worth)	1.6	1.8	1.6	1.1	*
Debt to Equity	0.6	0.7	0.6	0.4	*
CASH CYCLE					
Average Collection Period [365 days / (Sales / Avg Accounts Receivable)]	0.3	0.3	0.5	0.0	0.7
Average Days in Inventory [365 days / (COGS / Avg Inventory)]	59.5	69.0	55.6	53.2	45.1
Average Days in Payables [365 days / (COGS / Avg Accounts Payable)]	8.1	7.9	10.0	0.0	8.0
Cash Cycle (Average Collection Period + Inventory Days - Payable Days)	54.9	68.3	43.2	36.3	41.8
LIQUIDITY MEASURES					
Current Ratio (Current Assets/Current Liabilities)	2.7	3.5	2.2	1.8	*
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.8	0.9	0.7	0.7	*
EMPLOYEE PRODUCTIVITY RATIOS					
Total Revenues Per Employee	\$181,279	\$150,816	\$220,000	\$112,579	\$209,508
Total Payroll as a % of Total Revenues	24.2%	23.5%	22.3%	31.9%	24.0%
Payroll Per Employee	\$46,870	\$37,871	\$48,658	\$45,483	\$55,013
Operating Margin Per Employee	\$88,998	\$85,212	\$90,595	\$80,030	\$94,218



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
SALES PERFORMANCE					
Median Current Year Sales	\$1,250,950	\$1,280,355	\$1,462,679	\$577,771	\$1,065,000
Average Current Year Sales	\$5,801,710	\$2,449,807	\$7,257,633	\$9,607,617	\$1,762,783
Median Net Sales per Location	\$1,000,000	\$1,018,322	\$1,103,391	\$596,629	\$1,065,000
Average Net Sales per Location	\$1,384,742	\$1,775,905	\$1,293,340	\$744,722	\$1,762,783
2020 Sales Growth	3.4%	2.6%	5.3%	2.2%	7.3%
Forecasted 2021 Sales Growth	5.0%	5.0%	5.0%	5.5%	5.0%
SALES LOCATION BREAKDOWN (as a % of total net sales)					
Mall Shopping Center	7.0%	11.4%	7.1%	0.0%	0.0%
Freestanding	44.0%	40.6%	50.4%	32.7%	60.0%
Strip Center	46.2%	47.8%	41.1%	67.3%	40.0%
Online	2.8%	0.2%	1.5%	0.0%	0.0%
Total Net Sales	100.0%	100.0%	100.0%	100.0%	100.0%
SPACE PRODUCTIVITY RATIOS					
<i>ALL STORES:</i>					
Total Square Feet Per Store	3,473	4,246	2,857	3,400	4,845
Selling Square Feet Per Store	2,500	3,600	1,800	1,880	3,745
Total Revenues Per Selling Square Foot	\$401	\$246	\$500	\$412	\$410
Operating Margin Per Selling Square Foot	\$168	\$136	\$191	\$297	\$166
<i>SHOPPING CENTERS:</i>					
Total Square Feet Per Store	2,580	*	2,250	*	*
Selling Square Feet Per Store	2,000	*	1,800	*	*
Total Revenue Per Selling Square Foot	\$1,044	*	\$1,156	*	*
Operating Margin Per Selling Square Foot	\$548	*	\$554	*	*



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>FREESTANDING STORES:</i>					
Total Square Feet Per Store	4,250	4,800	3,600	5,750	4,850
Selling Square Feet Per Store	3,000	3,700	2,500	2,500	3,950
Total Revenues Per Selling Square Foot	\$502	\$355	\$619	\$672	\$688
Operating Margin Per Selling Square Foot	\$254	\$167	\$279	\$538	\$181
<i>STRIP CENTER:</i>					
Total Square Feet Per Store	3,098	4,000	2,875	2,808	*
Selling Square Feet Per Store	2,500	3,900	1,900	1,600	*
Total Revenues Per Selling Square Foot	\$369	\$229	\$617	\$447	*
Operating Margin Per Selling Square Foot	\$225	\$122	\$263	\$364	*
INCOME STATEMENT (as a % of Total Revenues)					
<i>Revenue and Cost of Goods</i>					
Net Sales of Merchandise	92.6%	96.6%	97.1%	67.1%	97.0%
Income from Grooming	4.9%	0.4%	0.7%	29.9%	0.0%
Income from Boarding of All Animals	0.3%	0.1%	0.0%	1.9%	0.0%
Forgiven PPP Loans	2.0%	2.8%	2.1%	0.7%	1.4%
All Other Income	0.3%	0.2%	0.1%	0.3%	1.7%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	53.5%	53.1%	59.5%	37.9%	50.5%
Operating Margin	46.5%	46.9%	40.5%	62.1%	49.5%
<i>Payroll Expenses</i>					
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	5.0%	5.8%	5.3%	3.2%	4.1%
Salary, Wages, Bonuses, Commission--All Other Employees	16.1%	14.8%	14.1%	25.3%	15.3%
Payroll Taxes	1.8%	1.5%	1.7%	2.3%	2.7%
Employee Benefits Expenses	1.3%	1.3%	1.2%	1.2%	1.9%
Total Payroll Expenses	24.2%	23.5%	22.3%	31.9%	24.0%



CHAPTER 1 All Respondents and Type of Business

Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Occupancy Expenses</i>					
Rent (including common area charges)	6.7%	6.4%	6.0%	9.0%	7.5%
Repairs and Maintenance	0.6%	0.7%	0.4%	0.8%	1.3%
Utilities (except Telephone)	1.1%	1.0%	0.8%	2.0%	1.3%
Total Occupancy Expenses	8.4%	8.1%	7.1%	11.8%	10.1%
<i>General & Administrative Expenses</i>					
Professional Services (e.g., accounting, legal, etc.)	0.5%	0.5%	0.5%	0.8%	0.4%
Advertising and Promotion	1.5%	1.8%	1.2%	1.9%	1.2%
Insurance (general liability, loss coverage, etc.)	0.6%	0.5%	0.5%	1.1%	0.8%
Depreciation/Amortization Expense	1.5%	1.9%	1.0%	2.9%	0.6%
Office Expenses (store/office supplies, computer equipment/software, general postage)	1.1%	1.3%	1.0%	1.1%	0.7%
Telephone	0.3%	0.3%	0.2%	0.5%	0.2%
Travel and Entertainment	0.2%	0.2%	0.2%	0.4%	0.2%
Licenses, Permits and Other Taxes	0.2%	0.4%	0.2%	0.3%	0.1%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	2.3%	2.0%	1.7%	5.1%	1.4%
Total General and Administrative Expenses	8.3%	8.7%	6.5%	13.9%	5.5%
Total Operating Expenses	40.8%	40.3%	35.9%	57.6%	39.6%
Net Operating Profit	5.7%	6.6%	4.6%	4.4%	9.9%
Interest Income (Expense)	-0.1%	-0.1%	-0.1%	-0.2%	0.0%
Other Income (Expense)	0.0%	0.1%	-0.1%	-0.1%	0.0%
Net Income (or Loss) Before Tax	5.6%	6.6%	4.4%	4.1%	9.9%



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
BALANCE SHEET (as a % of Total Assets)					
<i>Assets</i>					
Cash & Equivalent	19.8%	20.1%	20.1%	14.4%	*
Accounts & Notes Receivable	2.6%	2.0%	2.2%	4.4%	*
Inventory	40.0%	51.1%	39.3%	27.4%	*
Other Current Assets	4.9%	2.6%	5.1%	7.4%	*
Total Current Assets	67.4%	75.8%	66.5%	53.7%	*
Plant and Equipment (fixed assets) (less accumulated depreciation)	24.3%	17.1%	28.1%	29.7%	*
Other Assets	8.4%	7.0%	5.3%	16.6%	*
Total Assets	100.0%	100.0%	100.0%	100.0%	*
<i>Liabilities & Net Worth</i>					
Accounts Payable	10.2%	7.3%	10.9%	13.7%	*
Notes Payable	6.4%	6.7%	9.6%	0.4%	*
Other Current Liabilities	10.4%	7.4%	11.1%	16.3%	*
Total Current Liabilities	27.0%	21.4%	31.5%	30.5%	*
Long Term Liabilities	21.4%	23.1%	19.0%	29.6%	*
Unforgiven PPP Loans	5.4%	9.7%	4.5%	0.9%	*
Net Worth	46.3%	45.9%	45.1%	39.0%	*
Total Liabilities & Net Worth	100.0%	100.0%	100.0%	100.0%	*
RESPONDENT PROFILE					
<i>Typical number of locations</i>					
Median	1.0	1.0	1.0	1.0	1.0
Average	4.2	1.7	4.9	8.9	1.0



CHAPTER 1 All Respondents and Type of Business

Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Type of business</i>					
Pet Store with Animals	29.7%	100.0%	0.0%	0.0%	0.0%
Grooming Store w/Retail Supplies	17.2%	0.0%	0.0%	100.0%	0.0%
Aquarium Store	7.8%	0.0%	0.0%	0.0%	100.0%
Pet Store Dry Goods Only	43.0%	0.0%	100.0%	0.0%	0.0%
Online Retailer	2.3%	0.0%	0.0%	0.0%	0.0%
<i>If you operate a pet store with animals, which animals do you sell?</i>					
Dog	51.4%	51.4%	*	*	*
Cat	46.0%	46.0%	*	*	*
Bird	73.0%	73.0%	*	*	*
Freshwater Fish	73.0%	73.0%	*	*	*
Saltwater Fish	35.1%	35.1%	*	*	*
Reptile	64.9%	64.9%	*	*	*
Small Animal	67.6%	67.6%	*	*	*
<i>Is your store a franchise operation?</i>					
Yes	5.6%	7.9%	5.7%	0.0%	0.0%
No	94.4%	92.1%	94.3%	100.0%	100.0%
<i>Community size of store location(s)</i>					
Major Metro Area (over 1 million population)	31.3%	15.8%	27.3%	36.4%	90.0%
Moderate size city (100,000 to 1 million)	40.6%	57.9%	34.6%	45.5%	10.0%
Small city (25,000 to less than 100,000)	23.4%	18.4%	32.7%	18.2%	0.0%
Town of fewer than 25,000 or rural area	4.7%	7.9%	5.5%	0.0%	0.0%
<i>Years in operation</i>					
Median	17.5	30.0	16.5	9.0	20.5
Average	22.5	29.2	22.8	13.0	20.0



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Legal form of business</i>					
C-Corp	20.5%	26.3%	22.2%	13.6%	0.0%
S-Corp	52.0%	39.5%	57.4%	54.6%	80.0%
Partnership (LLC)	21.3%	29.0%	14.8%	18.2%	20.0%
Sole proprietorship	3.9%	5.3%	1.9%	9.1%	0.0%
Other	2.4%	0.0%	3.7%	4.6%	0.0%
<i>Business premises owned vs leased</i>					
Owned	15.6%	18.4%	16.4%	4.6%	30.0%
Leased	78.1%	73.7%	78.2%	90.9%	60.0%
Both Owned and Leased (multiple locations)	5.5%	7.9%	5.5%	0.0%	10.0%
Other	0.8%	0.0%	0.0%	4.6%	0.0%
<i>Accounting method</i>					
Cash Basis Accounting	61.0%	57.9%	55.8%	76.2%	77.8%
Accrual Basis Accounting	39.0%	42.1%	44.2%	23.8%	22.2%
<i>Did organization receive PPP loans?</i>					
Yes	80.2%	79.4%	84.6%	73.7%	75.0%
No, did not apply	13.8%	11.8%	13.5%	15.8%	12.5%
No, applied but was not approved	2.6%	2.9%	0.0%	10.5%	0.0%
Not sure	3.5%	5.9%	1.9%	0.0%	12.5%
<i>Weekly hours of operation, per store, in 2020</i>					
Median	60.0	60.0	56.0	68.0	56.0
Average	59.9	60.2	59.3	65.2	52.8
<i>Total number of company-wide register transactions in 2020</i>					
Median	30,000	34,877	29,587	17,002	24,000
Average	137,944	60,319	174,206	239,745	26,825



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Sale price per register transaction in 2020</i>					
Median	\$44.80	\$33.23	\$45.64	\$46.49	\$58.40
Average	\$87.87	\$56.82	\$127.05	\$60.41	\$61.00
<i>Service offered</i>					
Grooming	40.0%	25.0%	26.9%	95.5%	0.0%
Training	28.9%	12.5%	38.5%	54.6%	0.0%
Aquarium Service	25.6%	40.6%	0.0%	0.0%	100.0%
Wing Clipping	24.4%	59.4%	7.7%	4.6%	0.0%
Veterinary Care	7.8%	9.4%	7.7%	9.1%	0.0%
Boarding (Dog/Cat)	6.7%	0.0%	3.9%	22.7%	0.0%
Boarding (Other)	6.7%	15.6%	3.9%	0.0%	0.0%
Day Care	7.8%	0.0%	3.9%	27.3%	0.0%
Nail Trimming	56.7%	68.8%	26.9%	100.0%	0.0%
Other	24.4%	15.6%	34.6%	31.8%	10.0%
EMPLOYEE INFORMATION					
<i>Typical Number of Employees for the Year (in FTEs)</i>					
Median	8.5	10.0	8.0	12.5	6.0
Average	34.6	17.5	34.8	72.5	11.8
<i>Number of Full-Time Employees</i>					
Median	5.0	5.0	4.0	5.0	4.0
Average	22.5	9.0	24.6	46.4	6.2
<i>Number of Part-Time Employees</i>					
Median	4.0	5.0	3.0	9.0	2.0
Average	13.6	9.3	11.8	32.3	5.7



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Employee Turnover</i>					
All Employees	20.2%	18.4%	22.3%	23.7%	12.0%
Full-Time Employees	13.8%	15.8%	12.5%	14.2%	14.7%
Part-Time Employees	27.0%	20.9%	37.1%	27.1%	1.8%
GIFT CARDS					
<i>Does company sell store gift cards?</i>					
Yes	83.3%	81.1%	81.8%	81.0%	100.0%
No	16.7%	18.9%	18.2%	19.1%	0.0%
<i>If store gift cards are sold, Total 2020 Gift Card Sales</i>					
Median	\$3,000	\$5,000	\$3,000	\$725	\$2,350
Average	\$11,977	\$11,480	\$8,555	\$20,993	\$12,712
<i>If store gift cards are sold, Total 2020 Gift Card Sales as a % of Total Revenues</i>					
Median	0.2%	0.4%	0.1%	0.1%	0.2%
Average	0.4%	0.7%	0.3%	0.1%	0.5%
RETAIL SALES MIX					
<i>General Sales Mix</i>					
Pet food	44.4%	36.2%	59.6%	42.0%	7.6%
Dry Goods	31.5%	31.1%	32.2%	21.1%	36.0%
Live Animals	9.9%	19.6%	0.5%	0.9%	44.7%
Other	14.2%	13.0%	7.6%	36.0%	11.7%
Total	100.0%	100.0%	100.0%	100.0%	100.0%



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Detailed Category Sales Mix</i>					
Aquatics	17.3%	18.4%	0.9%	1.2%	92.8%
Bird	2.6%	6.1%	1.5%	1.3%	0.0%
Cat	12.1%	11.3%	18.3%	7.4%	0.6%
Dog	46.1%	36.2%	73.7%	30.3%	0.6%
Reptile	2.7%	7.5%	0.7%	1.1%	1.5%
Small Animals	2.9%	8.0%	0.7%	2.0%	0.0%
Services	11.3%	4.6%	0.7%	50.7%	1.0%
Other	5.1%	7.9%	3.6%	6.1%	3.5%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
MARGINS AND TURNOVER					
<i>Pet food</i>					
Initial Margin	34.9%	35.0%	33.5%	35.0%	*
Realized Margin (or Gross Margin)	30.0%	32.0%	30.0%	28.4%	*
Inventory Turnover	8.2	8.0	9.0	9.7	*
<i>Dry goods</i>					
Initial Margin	50.0%	53.0%	50.0%	51.0%	*
Realized Margin (or Gross Margin)	45.0%	47.5%	45.0%	43.5%	*
Inventory Turnover	5.0	5.0	5.0	4.5	*
<i>Live animals</i>					
Initial Margin	60.0%	59.5%	*	*	62.0%
Realized Margin (or Gross Margin)	52.0%	52.0%	*	*	51.5%
Inventory Turnover	10.0	10.0	*	*	*
<i>Aquatics (total)</i>					
Initial Margin	55.0%	55.0%	*	50.0%	61.5%
Realized Margin (or Gross Margin)	46.0%	45.0%	*	*	51.0%
Inventory Turnover	6.0	6.0	*	*	*



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Bird (total)</i>					
Initial Margin	50.0%	53.0%	45.0%	48.0%	*
Realized Margin (or Gross Margin)	45.5%	49.0%	42.0%	*	*
Inventory Turnover	5.5	5.0	*	*	*
<i>Cat (total)</i>					
Initial Margin	40.4%	44.0%	37.5%	41.3%	*
Realized Margin (or Gross Margin)	37.0%	41.0%	31.9%	*	*
Inventory Turnover	6.0	5.3	7.0	*	*
<i>Dog (total)</i>					
Initial Margin	43.0%	49.0%	39.3%	45.8%	*
Realized Margin (or Gross Margin)	40.0%	44.0%	35.4%	*	*
Inventory Turnover	6.0	6.0	7.7	*	*
<i>Reptile (total)</i>					
Initial Margin	56.0%	55.5%	*	60.0%	*
Realized Margin (or Gross Margin)	50.5%	50.5%	*	*	*
Inventory Turnover	5.0	5.0	*	*	*
<i>Small animals (total)</i>					
Initial Margin	54.9%	56.5%	46.7%	54.8%	*
Realized Margin (or Gross Margin)	52.0%	53.0%	45.4%	*	*
Inventory Turnover	7.0	7.0	*	*	*
<i>Services (total)</i>					
Initial Margin	65.0%	75.0%	*	60.0%	*
Realized Margin (or Gross Margin)	60.0%	78.2%	*	56.0%	*
Inventory Turnover	4.2	4.2	*	*	*



CHAPTER 1 All Respondents and Type of Business



Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
EMPLOYEE BENEFITS					
<i>Were the Following Benefits Offered in 2020?</i>					
Medical					
Yes	45.0%	43.3%	51.2%	36.8%	37.5%
No	55.0%	56.7%	48.8%	63.2%	62.5%
Dental					
Yes	26.7%	26.7%	31.0%	26.3%	0.0%
No	73.3%	73.3%	69.1%	73.7%	100.0%
401k Match					
Yes	26.3%	41.4%	29.3%	5.3%	0.0%
No	73.7%	58.6%	70.7%	94.7%	100.0%
Vacation Days					
Yes	65.4%	71.0%	65.0%	52.6%	62.5%
No	34.7%	29.0%	35.0%	47.4%	37.5%
Cost Per Participating Employee					
Medical	\$4,168	\$4,147	\$2,500	\$4,860	*
Dental	\$297	\$297	\$351	*	*
401k Match	\$1,167	\$1,154	\$1,600	*	*
Vacation Days	\$1,002	\$839	\$1,000	\$1,744	*
ADVERTISING/MARKETING					
<i>Marketing budget (as a percent of total revenue) in each of the following years:</i>					
2019	2.0%	2.5%	2.0%	4.1%	1.3%
2020	2.0%	3.0%	2.0%	2.9%	1.3%
Anticipated 2021	3.0%	3.0%	2.0%	3.0%	1.5%



CHAPTER 1 All Respondents and Type of Business

Detailed Information

Chapter 1 - All Respondents and Type of Business	Type of Business				
	All Respondents	Pet Stores with Animals	Pet Stores: Dry Goods Only	Grooming Stores	Aquarium Stores
<i>Does company engage in the following advertising/marketing activities?</i>					
Broadcast TV Advertising	2.0%	3.5%	2.4%	0.0%	0.0%
Cable TV Advertising	8.8%	13.8%	9.5%	5.0%	0.0%
Radio Advertising	27.5%	27.6%	35.7%	20.0%	0.0%
Co-Op Advertising with your supplier/manufacturer	38.2%	51.7%	35.7%	25.0%	37.5%
Newspaper Advertising/Magazine Advertising	47.1%	37.9%	54.8%	65.0%	12.5%
Non-Reimbursed Coupon Expense	44.1%	55.2%	45.2%	40.0%	12.5%
Website/online advertisements	84.3%	89.7%	81.0%	85.0%	75.0%
Email Blasts	61.8%	55.2%	61.9%	65.0%	62.5%
In-Store/Community Events	60.8%	51.7%	66.7%	50.0%	100.0%
Other	19.6%	27.6%	26.2%	0.0%	0.0%
<i>Percentage of advertising/marketing budget spent:</i>					
In-house	71.5%	63.1%	74.7%	62.7%	94.4%
Outsourced	28.5%	36.9%	25.3%	37.3%	5.6%
Total	100.0%	100.0%	100.0%	100.0%	100.0%
<i>Does company allow ordering through own website?</i>					
Yes	41.8%	37.5%	46.3%	31.6%	37.5%
No	58.3%	62.5%	53.7%	68.4%	62.5%
<i>If yes, percent of 2020 sales that were made through own website</i>					
Median	4.5%	2.0%	5.0%	2.0%	*
Average	10.4%	5.5%	7.7%	2.4%	*
<i>If company does not conduct sales through own website, is company planning to?</i>					
Yes, in 1-12 months	37.7%	22.7%	55.6%	33.3%	50.0%
Yes, in 13-24 months	16.4%	13.6%	16.7%	20.0%	16.7%
Yes, in more than 24 months	8.2%	13.6%	0.0%	13.3%	0.0%
No	37.7%	50.0%	27.8%	33.3%	33.3%



CHAPTER 2 Pet Stores with Animals



Key Findings

Listed below is a summary of key findings related to all Pet Stores with Animals. The findings include the most profitable Pet Stores with Animals as well as Pet Stores with Animals by revenue size (stores with Less than \$1 Million in revenue and stores with revenue of \$1 Million or More).

Respondent Profile

- The **size of the community served** can often influence financial performance. Nearly 75% of all responding Pet Stores with Animals indicated that the population of their community is 100,000 or more.
- Of all responding Pet Stores with Animals, 35.3% were from the West **region** of the United States.
- The median **store size** for all Pet Stores with Animals was 4,246 square feet. As could be expected, the respondents in the \$1 Million or More sales group had more square footage than the Less than \$1 Million in sales group, with each reporting store sizes of 6,000 square feet and 3,425 square feet, respectively.
- 7.9% of all responding Pet Stores with Animals are a **franchise operation**.
- The typical Pet Store with Animals has been in business for 30 years as compared to 35 years for the Profit Leaders.
- \$1.3 million was the typical **sales volume** for Pet Stores with Animals.
- **10 full-time equivalent employees (FTEs)** were the median response for all Pet Stores with Animals. The \$1 Million or More sales group reported typically having 22 FTEs and the Less than \$1 Million in sales group had a median FTE count of 6.



CHAPTER 2 Pet Stores with Animals

Key Findings

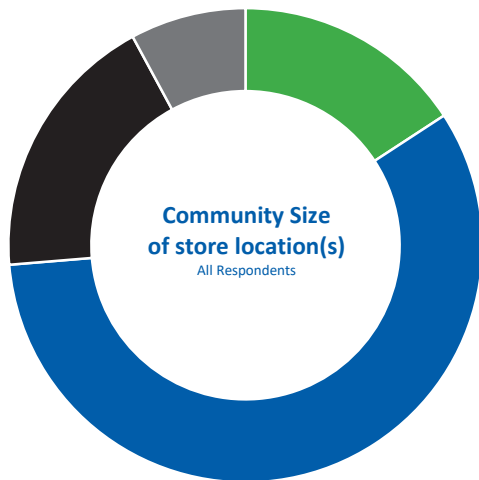
Key Financial Measures

- \$33.23 was the median **sales per transaction** reported by all responding Pet Stores with Animals. The typical Pet Store with Animals respondent outpaced the Profit Leaders which reported a median sale per transaction of \$33.12. The larger sales group produced higher sales per transaction than the smaller grouping (\$42.09 vs. \$27.19).
- **Return on assets** is a good overall indicator of company profitability performance and is calculated as net profit before taxes as a percent of total assets. The typical Pet Store with Animals return on assets performance during 2020 was 23.4% for the year while the most profitable companies experienced a 34.3% return.
- **Return on net worth** indicates the profit earned as a percent of net worth (or owner's equity) and measures the amount of profit generated from the dollars invested in the company by ownership. The typical Pet Store with Animals reported a return on net worth of 52.9%. The respondents in the \$1 Million or More sales group with reported a return on net worth of 60.0%
- **Operating Margin** (sales minus cost of goods sold) is a useful ratio to measure your company's pricing strategy and efficiency of your operations. The typical Pet Store with Animals experienced an operating margin of 46.9%. Economies of scale often improve operating margin as larger companies can often obtain better costs from suppliers. This is true here, as the higher revenue companies produced an operating margin of 48.1% versus 43.1% for the smaller sales group.
- The average **payroll expense** for Pet Stores with Animals was 23.5%, the average **occupancy expense** was 8.1%, and the average **general and administrative expense** was reported to be 8.7%. These three expense categories combined for an average **total operating expense** of 40.3%.
- After subtracting out cost of goods sold and total operating expenses, Pet Store with Animals respondents reported an average of 6.6% **net profit margin** (as a percent of total revenues). This compares to 10.1% for the Profit Leaders.
- The typical Pet Store with Animals reported **sales growth** of 2.6% in 2020 versus 2019 and **forecasted sales growth** of 5.0% for 2021.
- **Inventory turnover** shows how rapidly inventory is moving and is calculated by cost of goods sold divided by average inventory. In any retail industry, this is a metric that should be tracked closely, as having too much inventory on hand can financially limit a company. They typical Pet Store with Animals reported inventory turns of 5.2.
- **Asset turnover** tells us how many sales dollars are being generated by each dollar of assets employed in running the business. Overall, Pet Stores with Animals reported a median asset turnover of 4.9 for the year.
- **Financial leverage** (total assets divided by net worth) and the **debt to equity ratio** (liabilities divided by net worth) are good indicators of how much a company is financed by debt versus the equity invested by the owners. The typical Pet Store with Animals reported a median financial leverage value of 1.8 and a median debt to equity ratio of 0.7. A debt to equity ratio of 1.0 would indicate that owners have an equal stake in the company's assets as outside creditors/lenders. A low debt to equity ratio typically implies a very stable organization.
- The **current ratio** is a liquidity measures and it indicates a firm's ability to pay short-term debt with funds (assets) currently available. The higher the value, the easier it will be for a company to pay off debt that is coming due. The typical Pet Store with Animals reported a current ratio of 3.5.
- The **quick ratio** is another liquidity measure but subtracts inventory from current assets since inventory is not readily convertible to cash. The typical Pet Store with Animals respondent reported a quick ratio of 0.9, which is lower than the Profit Leaders (1.7).

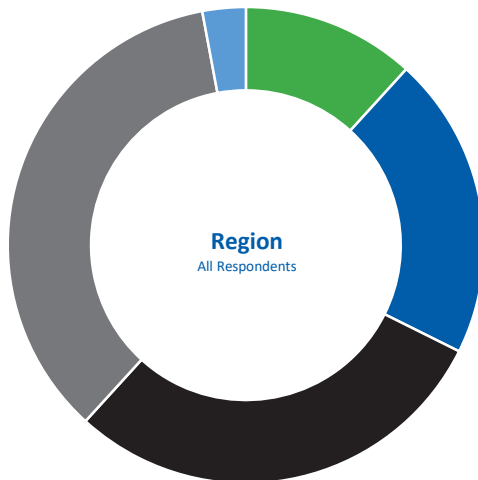


CHAPTER 2 Pet Stores with Animals

Executive Summary

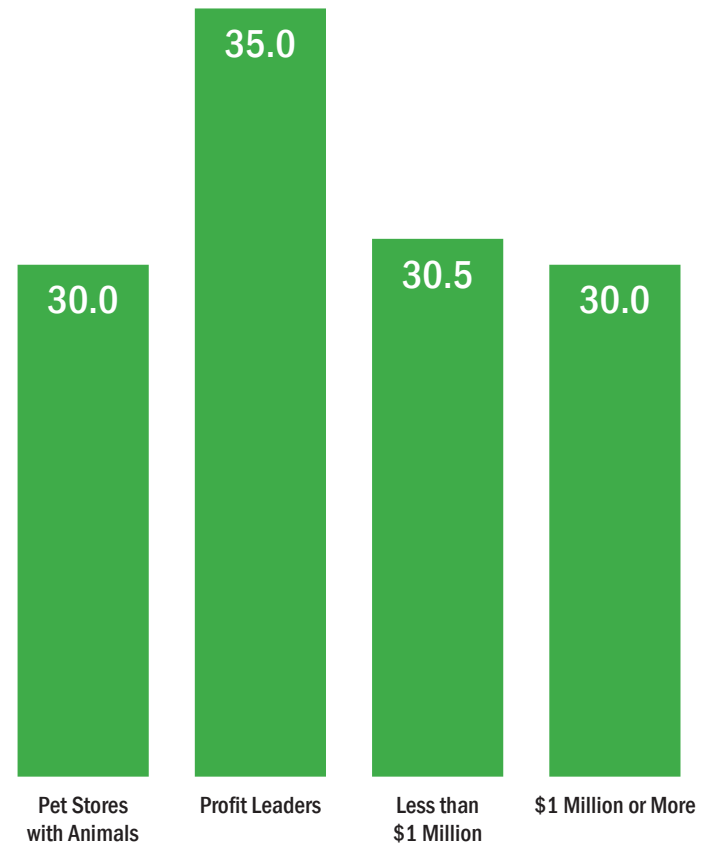


Major Metro Area (over 1 million population)	15.8%
Moderate size city (100,000 to 1 million)	57.9%
Small city (25,000 to less than 100,000)	18.4%
Town of fewer than 25,000 or rural area	7.9%



Northeast	11.8%
Midwest	20.6%
South	29.4%
West	35.3%
Canada	2.9%

Years in Operation

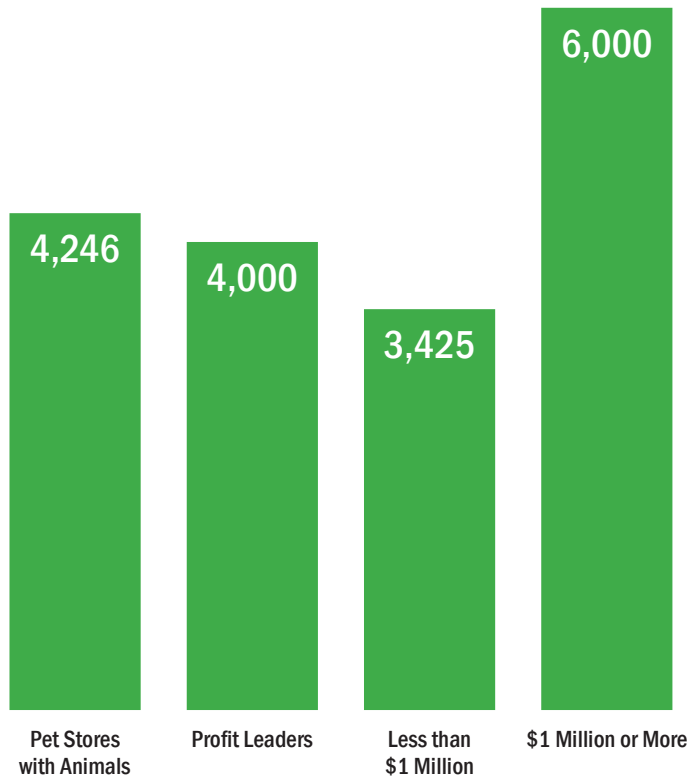




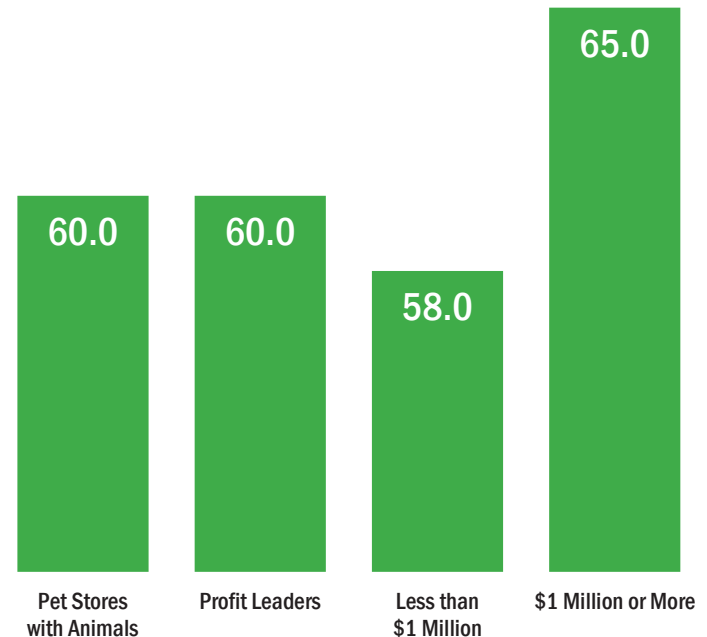
CHAPTER 2 Pet Stores with Animals

Executive Summary

Total Square Feet Per Store



Weekly Hours of Operation





CHAPTER 2 Pet Stores with Animals



\$1,280,355

Sales

\$33.23

Sale Price per Transaction



\$150,816

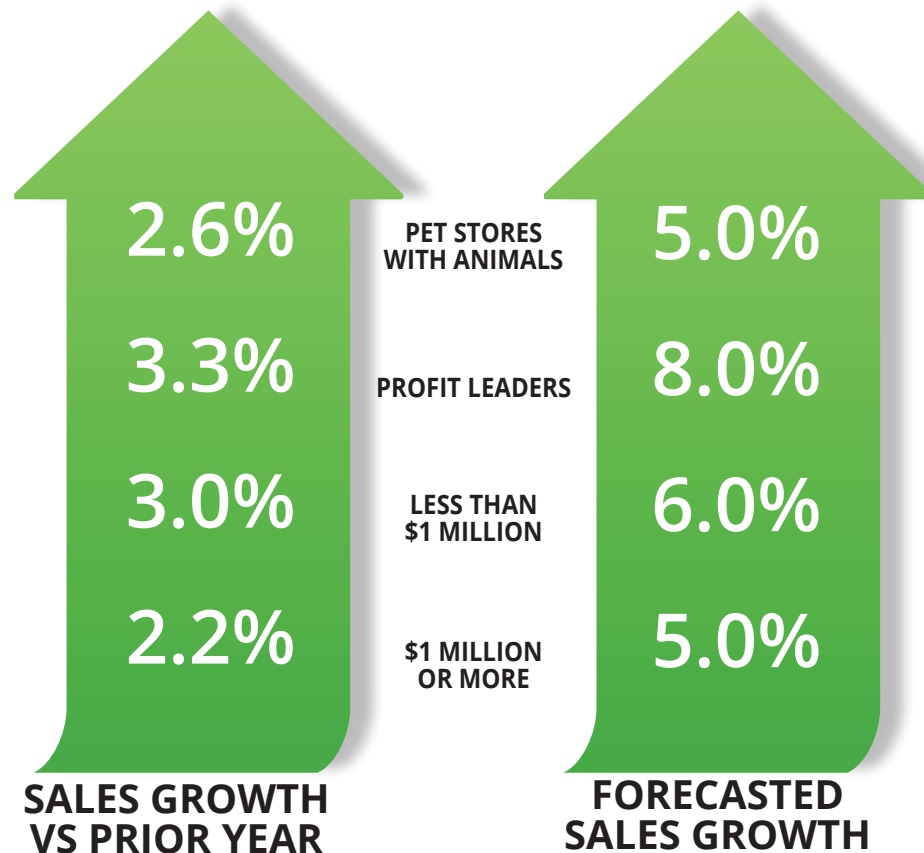
Total Revenues
Per Employee

10.0

Number of
Employees
(in FTEs)

23.5%

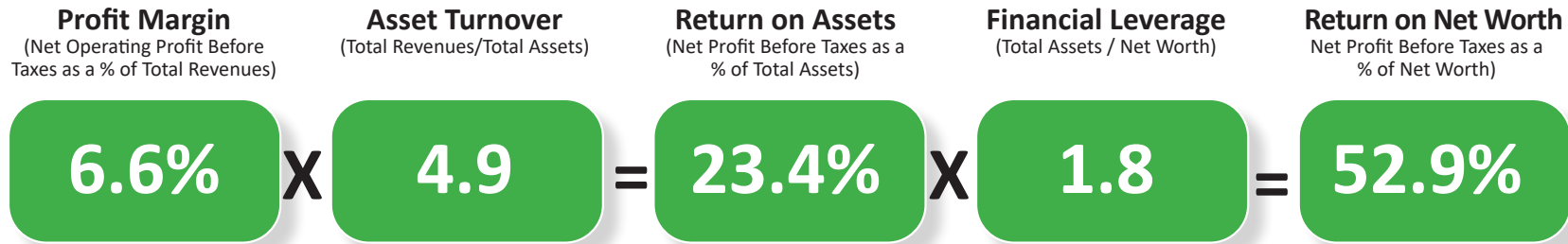
Total Payroll as a %
of Total Revenues



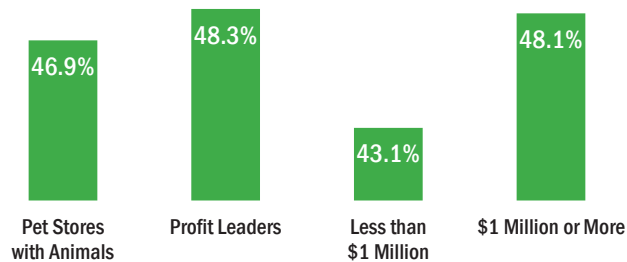


CHAPTER 2 Pet Stores with Animals

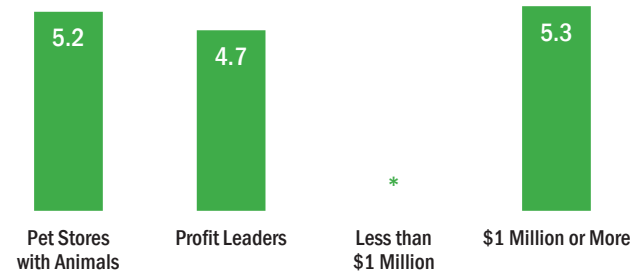
Overall Key Performance Measures



Operating Margin
(Operating Margin as a % of Total Revenue)



Inventory Turnover
(Cost of Goods Sold/Inventory)

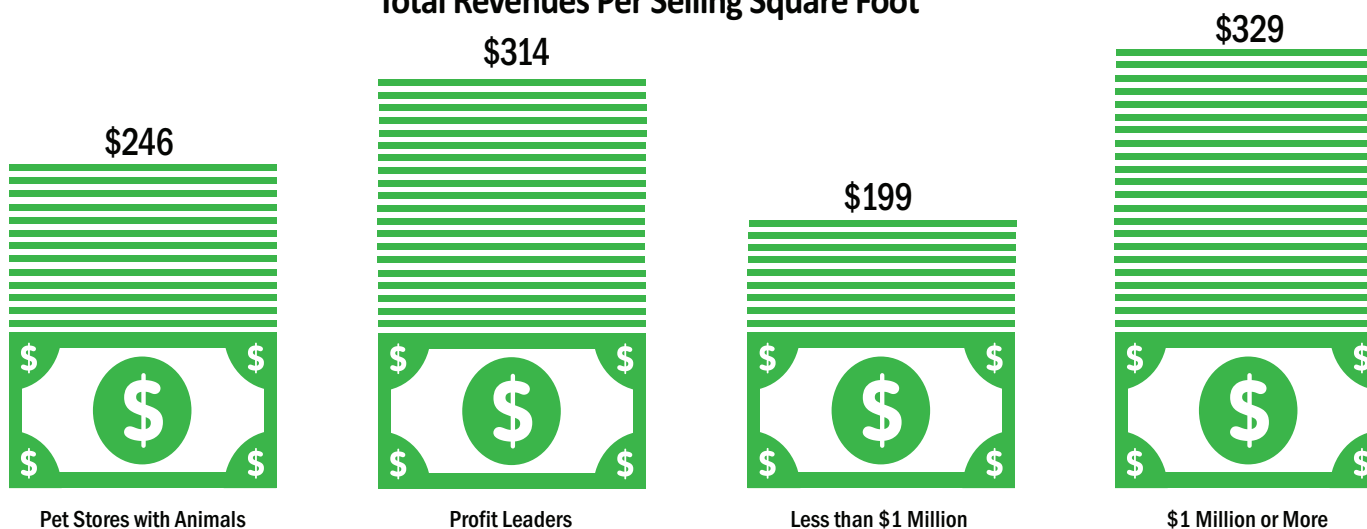


* = Insufficient Data

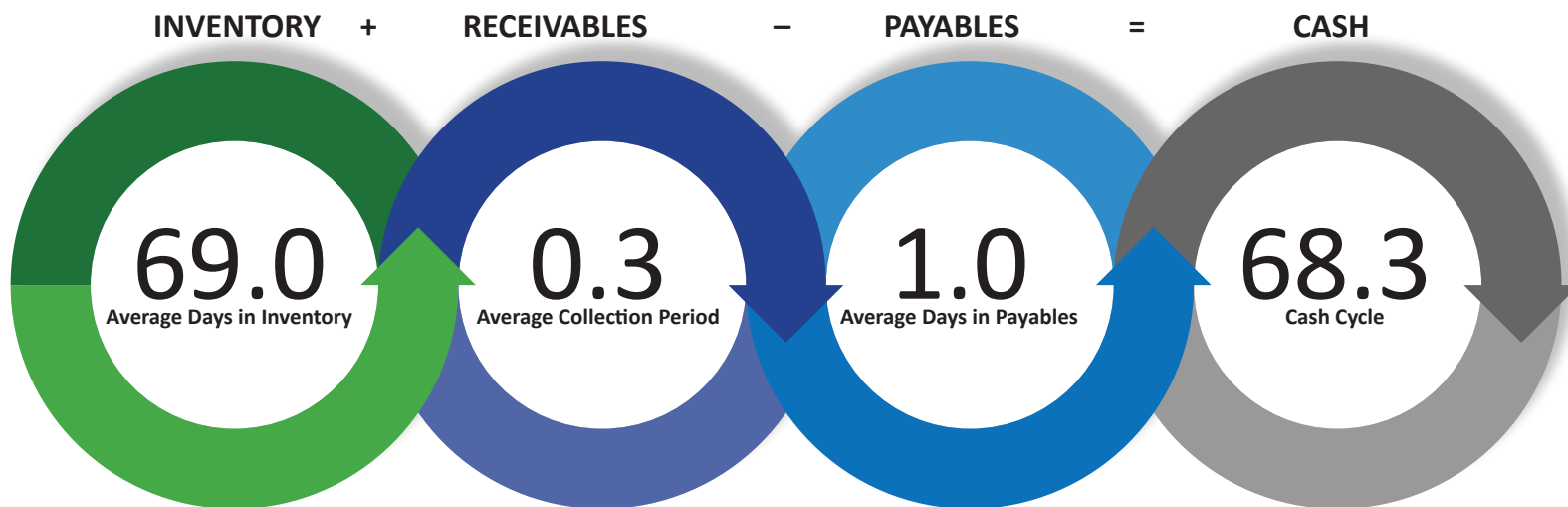


CHAPTER 2 Pet Stores with Animals

Total Revenues Per Selling Square Foot



CASH CYCLE





CHAPTER 2 Pet Stores with Animals

Multi-year Trend Comparison

Chapter 2 - Pet Stores with Animals

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
OVERALL KEY PERFORMANCE MEASURES							
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	3.7%	3.7%	6.1%	7.5%	7.6%	8.5%	6.6%
Operating Margin (Operating Margin as % of Total Revenues)	37.8%	42.7%	42.0%	46.0%	46.5%	47.3%	46.9%
Asset Turnover (Total Revenues/Total Assets)	6.1	4.4	5.3	5.0	4.7	4.7	4.9
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	17.9%	5.8%	13.1%	17.3%	19.4%	24.4%	23.4%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	33.9%	19.3%	61.6%	56.2%	40.8%	44.0%	52.9%
MANAGEMENT RATIOS							
Inventory Turnover (Cost of Goods Sold/Inventory)	6.5	6.1	6.6	6.0	5.6	5.4	5.2
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	255.0%	269.1%	328.1%	270.7%	276.8%	277.8%	217.0%
Financial Leverage (Total Assets/Net Worth)	2.0	1.8	1.4	1.5	1.5	1.4	1.8
Debt to Equity	1.0	0.8	0.5	0.5	0.5	0.5	0.7
LIQUIDITY MEASURES							
Current Ratio (Current Assets/Current Liabilities)	2.3	2.9	2.6	2.6	3.0	3.7	3.5
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.7	0.8	0.5	0.5	0.7	1.3	0.9
EMPLOYEE PRODUCTIVITY RATIOS							
Total Revenues Per Employee	\$128,596	\$133,631	\$109,745	\$175,125	\$142,857	\$157,142	\$150,816
Total Payroll as a % of Total Revenues	16.8%	21.7%	17.0%	20.4%	21.1%	21.5%	23.5%
SALES PERFORMANCE							
Median Current Year Sales	\$1,100,000	\$1,088,295	\$1,015,146	\$1,245,260	\$1,077,977	\$1,163,410	\$1,280,355
Average Current Year Sales	\$3,281,819	\$3,398,428	\$2,230,774	\$3,192,133	\$2,173,611	\$2,293,125	\$2,449,807
Median Net Sales per Location	\$1,116,288	\$970,000	\$902,673	\$974,400	\$981,221	\$999,850	\$1,018,322
Average Net Sales per Location	\$1,596,853	\$1,520,132	\$1,096,131	\$1,408,107	\$1,353,303	\$1,546,193	\$1,775,905
Sales Growth	0.9%	4.0%	6.1%	3.1%	4.8%	4.4%	2.6%
Forecasted Sales Growth	8.0%	6.5%	5.5%	5.0%	5.0%	2.3%	5.0%



CHAPTER 2 Pet Stores with Animals

Multi-year Trend Comparison

Chapter 2 - Pet Stores with Animals	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
INCOME STATEMENT (as a % of Total Revenues)							
<i>Revenue and Cost of Goods</i>							
Net Sales of Merchandise	100.0%	99.9%	99.5%	98.1%	96.5%	96.4%	96.6%
Income from Grooming	0.0%	0.0%	0.4%	0.2%	0.3%	0.4%	0.4%
Income from Boarding of All Animals	0.0%	0.0%	0.0%	0.1%	0.0%	0.2%	0.1%
Forgiven PPP Loans	*	*	*	*	*		2.8%
All Other Income	0.0%	0.1%	0.0%	1.6%	3.2%	3.0%	0.2%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	62.2%	57.3%	58.0%	54.0%	53.5%	52.7%	53.1%
Operating Margin	37.8%	42.7%	42.0%	46.0%	46.5%	47.3%	46.9%
<i>Payroll Expenses</i>							
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	2.9%	3.8%	1.8%	3.2%	3.9%	4.3%	5.8%
Salary, Wages, Bonuses, Commission--All Other Employees	11.9%	15.2%	13.6%	14.4%	14.8%	14.4%	14.8%
Payroll Taxes	1.6%	2.0%	1.3%	2.0%	1.7%	1.8%	1.5%
Employee Benefits Expenses	0.5%	0.7%	0.3%	0.8%	0.7%	1.0%	1.3%
Total Payroll Expenses	16.8%	21.7%	17.0%	20.4%	21.1%	21.5%	23.5%
<i>Occupancy Expenses</i>							
Rent (including common area charges)	6.7%	6.0%	10.2%	8.0%	7.3%	7.2%	6.4%
Repairs and Maintenance	1.0%	0.9%	0.5%	0.6%	0.6%	0.7%	0.7%
Utilities (except Telephone)	1.3%	1.7%	1.8%	1.7%	1.7%	1.6%	1.0%
Total Occupancy Expenses	9.0%	8.6%	12.5%	10.2%	9.6%	9.5%	8.1%



CHAPTER 2 Pet Stores with Animals

Multi-year Trend Comparison

Chapter 2 - Pet Stores with Animals	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<i>General & Administrative Expenses</i>							
Professional Services (e.g., accounting, legal, etc.)	0.4%	0.6%	0.5%	0.5%	0.5%	0.5%	0.5%
Advertising and Promotion	2.1%	1.8%	1.3%	1.6%	1.9%	2.0%	1.8%
Insurance (general liability, loss coverage, etc.)	0.6%	0.7%	0.3%	0.8%	0.8%	0.8%	0.5%
Depreciation/Amortization Expense	1.3%	1.2%	0.4%	0.6%	0.8%	0.8%	1.9%
Office Expenses (store/office supplies, computer equipment/software, general postage)	0.7%	1.1%	0.9%	1.0%	1.1%	1.0%	1.3%
Telephone	0.3%	0.3%	0.4%	0.4%	0.4%	0.4%	0.3%
Travel and Entertainment	0.5%	0.5%	0.2%	0.3%	0.4%	0.3%	0.2%
Licenses, Permits and Other Taxes	0.2%	0.2%	0.1%	0.2%	0.2%	0.2%	0.4%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	2.2%	2.5%	2.4%	2.4%	2.2%	2.0%	2.0%
Total General and Administrative Expenses	8.3%	8.8%	6.5%	7.8%	8.2%	7.8%	8.7%
Total Operating Expenses	34.1%	39.0%	35.9%	38.5%	38.9%	38.8%	40.3%
Net Operating Profit	3.7%	3.7%	6.1%	7.5%	7.6%	8.5%	6.6%
Interest Income (Expense)	-0.1%	-0.2%	-0.2%	-0.2%	-0.1%	-0.1%	-0.1%
Other Income (Expense)	-0.1%	-0.1%	-0.1%	0.1%	0.1%	0.1%	0.1%
Net Income (or Loss) Before Tax	3.6%	3.4%	5.8%	7.4%	7.5%	8.4%	6.6%



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
OVERALL KEY PERFORMANCE MEASURES				
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	6.6%	10.2%	7.1%	6.5%
Operating Margin (Operating Margin as % of Total Revenues)	46.9%	48.3%	43.1%	48.1%
Asset Turnover (Total Revenues/Total Assets)	4.9	4.5	*	5.0
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	23.4%	34.3%	*	23.4%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	52.9%	61.0%	*	60.0%
MANAGEMENT RATIOS				
Inventory Turnover (Cost of Goods Sold/Inventory)	5.2	4.7	*	5.3
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	217.0%	201.0%	*	275.8%
Financial Leverage (Total Assets/Net Worth)	1.8	1.5	*	1.8
Debt to Equity	0.7	0.6	*	0.7
CASH CYCLE				
Average Collection Period [365 days / (Sales / Avg Accounts Receivable)]	0.3	0.2	0.0	0.8
Average Days in Inventory [365 days / (COGS / Avg Inventory)]	69.0	77.9	90.6	68.8
Average Days in Payables [365 days / (COGS / Avg Accounts Payable)]	7.9	16.3	21.5	7.6
Cash Cycle (Average Collection Period + Inventory Days - Payable Days)	68.3	54.3	68.3	67.9
LIQUIDITY MEASURES				
Current Ratio (Current Assets/Current Liabilities)	3.5	5.5	*	3.1
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.9	1.7	*	0.9
EMPLOYEE PRODUCTIVITY RATIOS				
Total Revenues Per Employee	\$150,816	\$187,273	\$118,268	\$189,471
Total Payroll as a % of Total Revenues	23.5%	22.0%	19.8%	24.7%
Payroll Per Employee	\$37,871	\$39,864	\$30,929	\$39,864
Operating Margin Per Employee	\$85,212	\$91,020	\$63,865	\$89,440



CHAPTER 2 Pet Stores with Animals



Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
SALES PERFORMANCE				
Median Current Year Sales	\$1,280,355	\$1,030,000	\$637,548	\$2,798,433
Average Current Year Sales	\$2,449,807	\$2,643,601	\$588,006	\$3,634,590
Median Net Sales per Location	\$1,018,322	\$1,029,806	\$526,096	\$1,634,195
Average Net Sales per Location	\$1,775,905	\$1,109,429	\$527,937	\$2,570,067
2020 Sales Growth	2.6%	3.3%	3.0%	2.2%
Forecasted 2021 Sales Growth	5.0%	8.0%	6.0%	5.0%
SALES LOCATION BREAKDOWN (as a % of total net sales)				
Mall Shopping Center	11.4%	25.0%	8.3%	13.1%
Freestanding	40.6%	49.7%	32.9%	45.1%
Strip Center	47.8%	25.3%	58.3%	41.8%
Online	0.2%	0.0%	0.5%	0.0%
Total Net Sales	100.0%	100.0%	100.0%	100.0%
SPACE PRODUCTIVITY RATIOS				
<i>ALL STORES:</i>				
Total Square Feet Per Store	4,246	4,000	3,425	6,000
Selling Square Feet Per Store	3,600	3,400	3,000	4,750
Total Revenues Per Selling Square Foot	\$246	\$314	\$199	\$329
Operating Margin Per Selling Square Foot	\$136	\$140	\$101	\$139
<i>SHOPPING CENTERS:</i>				
Total Square Feet Per Store	*	*	*	*
Selling Square Feet Per Store	*	*	*	*
Total Revenue Per Selling Square Foot	*	*	*	*
Operating Margin Per Selling Square Foot	*	*	*	*



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>FREESTANDING STORES:</i>				
Total Square Feet Per Store	4,800	4,000	*	5,700
Selling Square Feet Per Store	3,700	3,500	*	4,000
Total Revenues Per Selling Square Foot	\$355	\$361	*	\$355
Operating Margin Per Selling Square Foot	\$167	\$169	*	\$166
<i>STRIP CENTER:</i>				
Total Square Feet Per Store	4,000	*	3,550	13,950
Selling Square Feet Per Store	3,900	*	3,000	12,000
Total Revenues Per Selling Square Foot	\$229	*	\$187	\$241
Operating Margin Per Selling Square Foot	\$122	*	*	\$129
INCOME STATEMENT (as a % of Total Revenues)				
<i>Revenue and Cost of Goods</i>				
Net Sales of Merchandise	96.6%	96.4%	97.7%	96.2%
Income from Grooming	0.4%	0.2%	0.9%	0.3%
Income from Boarding of All Animals	0.1%	0.2%	0.0%	0.1%
Forgiven PPP Loans	2.8%	3.0%	1.4%	3.2%
All Other Income	0.2%	0.3%	0.0%	0.2%
Total Revenues	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	53.1%	51.7%	56.9%	51.9%
Operating Margin	46.9%	48.3%	43.1%	48.1%
<i>Payroll Expenses</i>				
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	5.8%	5.1%	8.1%	5.1%
Salary, Wages, Bonuses, Commission--All Other Employees	14.8%	14.5%	10.4%	16.2%
Payroll Taxes	1.5%	1.4%	1.0%	1.7%
Employee Benefits Expenses	1.3%	1.0%	0.4%	1.6%
Total Payroll Expenses	23.5%	22.0%	19.8%	24.7%



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Occupancy Expenses</i>				
Rent (including common area charges)	6.4%	7.7%	8.4%	5.7%
Repairs and Maintenance	0.7%	0.5%	0.7%	0.7%
Utilities (except Telephone)	1.0%	0.9%	0.7%	1.2%
Total Occupancy Expenses	8.1%	9.1%	9.8%	7.5%
<i>General & Administrative Expenses</i>				
Professional Services (e.g., accounting, legal, etc.)	0.5%	0.4%	0.3%	0.5%
Advertising and Promotion	1.8%	1.3%	1.0%	2.1%
Insurance (general liability, loss coverage, etc.)	0.5%	0.3%	0.2%	0.6%
Depreciation/Amortization Expense	1.9%	1.7%	0.4%	2.3%
Office Expenses (store/office supplies, computer equipment/software, general postage)	1.3%	0.9%	0.4%	1.6%
Telephone	0.3%	0.3%	0.2%	0.3%
Travel and Entertainment	0.2%	0.2%	0.4%	0.1%
Licenses, Permits and Other Taxes	0.4%	0.6%	0.1%	0.4%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	2.0%	1.3%	3.5%	1.5%
Total General and Administrative Expenses	8.7%	7.1%	6.5%	9.4%
Total Operating Expenses	40.3%	38.1%	36.1%	41.6%
Net Operating Profit	6.6%	10.2%	7.1%	6.5%
Interest Income (Expense)	-0.1%	0.0%	0.0%	-0.1%
Other Income (Expense)	0.1%	-0.1%	0.0%	0.1%
Net Income (or Loss) Before Tax	6.6%	10.1%	7.1%	6.5%



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
BALANCE SHEET (as a % of Total Assets)				
<i>Assets</i>				
Cash & Equivalent	20.1%	25.1%	*	22.0%
Accounts & Notes Receivable	2.0%	1.1%	*	2.6%
Inventory	51.1%	46.1%	*	47.8%
Other Current Assets	2.6%	4.1%	*	3.4%
Total Current Assets	75.8%	76.4%	*	75.8%
Plant and Equipment (fixed assets) (less accumulated depreciation)	17.1%	20.1%	*	15.4%
Other Assets	7.0%	3.5%	*	8.8%
Total Assets	100.0%	100.0%	*	100.0%
<i>Liabilities & Net Worth</i>				
Accounts Payable	7.3%	9.7%	*	6.5%
Notes Payable	6.7%	1.4%	*	7.4%
Other Current Liabilities	7.4%	3.8%	*	9.1%
Total Current Liabilities	21.4%	14.9%	*	23.0%
Long Term Liabilities	23.1%	26.5%	*	22.8%
Unforgiven PPP Loans	9.7%	11.8%	*	11.4%
Net Worth	45.9%	46.9%	*	42.8%
Total Liabilities & Net Worth	100.0%	100.0%	*	100.0%
RESPONDENT PROFILE				
<i>Typical number of locations</i>				
Median	1.0	1.0	1.0	1.0
Average	1.7	2.5	1.1	2.1



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Type of business</i>				
Pet Store with Animals	100.0%	100.0%	100.0%	100.0%
Grooming Store w/Retail Supplies	0.0%	0.0%	0.0%	0.0%
Aquarium Store	0.0%	0.0%	0.0%	0.0%
Pet Store Dry Goods Only	0.0%	0.0%	0.0%	0.0%
Online Retailer	0.0%	0.0%	0.0%	0.0%
<i>If you operate a pet store with animals, which animals do you sell?</i>				
Dog	51.4%	63.6%	46.2%	54.6%
Cat	46.0%	54.6%	38.5%	54.6%
Bird	73.0%	72.7%	61.5%	77.3%
Freshwater Fish	73.0%	72.7%	84.6%	63.6%
Saltwater Fish	35.1%	18.2%	30.8%	36.4%
Reptile	64.9%	45.5%	76.9%	54.6%
Small Animal	67.6%	81.8%	76.9%	59.1%
<i>Is your store a franchise operation?</i>				
Yes	7.9%	9.1%	14.3%	4.6%
No	92.1%	90.9%	85.7%	95.5%
<i>Community size of store location(s)</i>				
Major Metro Area (over 1 million population)	15.8%	9.1%	14.3%	13.6%
Moderate size city (100,000 to 1 million)	57.9%	63.6%	50.0%	63.6%
Small city (25,000 to less than 100,000)	18.4%	27.3%	21.4%	18.2%
Town of fewer than 25,000 or rural area	7.9%	0.0%	14.3%	4.6%
<i>Years in operation</i>				
Median	30.0	35.0	30.5	30.0
Average	29.2	31.9	27.6	29.8



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Legal form of business</i>				
C-Corp	26.3%	18.2%	14.3%	31.8%
S-Corp	39.5%	36.4%	28.6%	50.0%
Partnership (LLC)	29.0%	36.4%	50.0%	13.6%
Sole proprietorship	5.3%	9.1%	7.1%	4.6%
Other	0.0%	0.0%	0.0%	0.0%
<i>Business premises owned vs leased</i>				
Owned	18.4%	18.2%	21.4%	18.2%
Leased	73.7%	63.6%	78.6%	68.2%
Both Owned and Leased (multiple locations)	7.9%	18.2%	0.0%	13.6%
Other	0.0%	0.0%	0.0%	0.0%
<i>Accounting method</i>				
Cash Basis Accounting	57.9%	36.4%	71.4%	50.0%
Accrual Basis Accounting	42.1%	63.6%	28.6%	50.0%
<i>Did organization receive PPP loan?</i>				
Yes	79.4%	90.0%	75.0%	85.0%
No, did not apply	11.8%	10.0%	16.7%	10.0%
No, applied but was not approved	2.9%	0.0%	0.0%	0.0%
Not sure	5.9%	0.0%	8.3%	5.0%
<i>Weekly hours of operation, per store, in 2020</i>				
Median	60.0	60.0	58.0	65.0
Average	60.2	56.8	55.5	64.6
<i>Total number of company-wide register transactions in 2020</i>				
Median	34,877	31,923	28,892	73,965
Average	60,319	72,706	25,990	88,131



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Sale price per register transaction in 2020</i>				
Median	\$33.23	\$33.12	\$27.19	\$42.09
Average	\$56.82	\$87.16	\$35.37	\$72.31
<i>Service offered</i>				
Grooming	25.0%	37.5%	38.5%	17.7%
Training	12.5%	25.0%	7.7%	17.7%
Aquarium Service	40.6%	25.0%	30.8%	47.1%
Wing Clipping	59.4%	62.5%	53.9%	64.7%
Veterinary Care	9.4%	0.0%	7.7%	11.8%
Boarding (Dog/Cat)	0.0%	0.0%	0.0%	0.0%
Boarding (Other)	15.6%	12.5%	23.1%	11.8%
Day Care	0.0%	0.0%	0.0%	0.0%
Nail Trimming	68.8%	75.0%	76.9%	64.7%
Other	15.6%	12.5%	7.7%	23.5%
EMPLOYEE INFORMATION				
<i>Typical Number of Employees for the Year (in FTEs)</i>				
Median	10.0	10.0	6.0	22.0
Average	17.5	19.1	8.4	25.8
<i>Number of Full-Time Employees</i>				
Median	5.0	5.0	3.0	13.8
Average	9.0	8.6	4.6	13.2
<i>Number of Part-Time Employees</i>				
Median	5.0	3.0	3.0	10.5
Average	9.3	10.5	4.5	12.7



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Employee Turnover</i>				
All Employees	18.4%	23.9%	12.1%	24.3%
Full-Time Employees	15.8%	18.8%	7.7%	23.8%
Part-Time Employees	20.9%	15.4%	16.6%	24.9%
GIFT CARDS				
<i>Does company sell store gift cards?</i>				
Yes	81.1%	81.8%	84.6%	77.3%
No	18.9%	18.2%	15.4%	22.7%
<i>If store gift cards are sold, Total 2020 Gift Card Sales</i>				
Median	\$5,000	\$2,500	\$2,000	\$15,000
Average	\$11,480	\$7,179	\$6,648	\$14,702
<i>If store gift cards are sold, Total 2020 Gift Card Sales as a % of Total Revenues</i>				
Median	0.4%	0.2%	*	0.4%
Average	0.7%	0.5%	*	0.6%
RETAIL SALES MIX				
<i>General Sales Mix</i>				
Pet food	36.2%	33.9%	33.3%	36.4%
Dry Goods	31.1%	32.3%	34.4%	30.1%
Live Animals	19.6%	21.2%	21.5%	19.1%
Other	13.0%	12.6%	10.8%	14.4%
Total	100.0%	100.0%	100.0%	100.0%



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Detailed Category Sales Mix</i>				
Aquatics	18.4%	18.6%	23.8%	14.7%
Bird	6.1%	5.7%	6.4%	5.9%
Cat	11.3%	12.5%	9.7%	12.4%
Dog	36.2%	46.1%	33.1%	38.4%
Reptile	7.5%	5.8%	9.6%	6.0%
Small Animals	8.0%	6.9%	10.2%	6.5%
Services	4.6%	2.8%	6.7%	3.1%
Other	7.9%	1.6%	0.6%	13.1%
Total	100.0%	100.0%	100.0%	100.0%
MARGINS AND TURNOVER				
<i>Pet food</i>				
Initial Margin	35.0%	34.0%	35.0%	34.0%
Realized Margin (or Gross Margin)	32.0%	30.0%	33.5%	30.0%
Inventory Turnover	8.0	7.9	9.0	8.0
<i>Dry goods</i>				
Initial Margin	53.0%	53.0%	50.0%	55.0%
Realized Margin (or Gross Margin)	47.5%	48.0%	43.0%	49.2%
Inventory Turnover	5.0	5.0	6.0	5.0
<i>Live animals</i>				
Initial Margin	59.5%	59.0%	50.0%	61.0%
Realized Margin (or Gross Margin)	52.0%	51.0%	47.0%	58.0%
Inventory Turnover	10.0	12.0	*	10.0
<i>Aquatics (total)</i>				
Initial Margin	55.0%	50.0%	50.0%	55.0%
Realized Margin (or Gross Margin)	45.0%	42.5%	42.5%	51.0%
Inventory Turnover	6.0	6.0	*	5.9



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Bird (total)</i>				
Initial Margin	53.0%	59.0%	50.0%	58.0%
Realized Margin (or Gross Margin)	49.0%	53.5%	43.5%	53.0%
Inventory Turnover	5.0	*	*	4.3
<i>Cat (total)</i>				
Initial Margin	44.0%	46.5%	43.0%	45.0%
Realized Margin (or Gross Margin)	41.0%	42.5%	37.0%	41.5%
Inventory Turnover	5.3	*	*	5.0
<i>Dog (total)</i>				
Initial Margin	49.0%	50.0%	47.5%	50.0%
Realized Margin (or Gross Margin)	44.0%	45.0%	45.0%	43.0%
Inventory Turnover	6.0	*	*	5.6
<i>Reptile (total)</i>				
Initial Margin	55.5%	*	50.0%	62.0%
Realized Margin (or Gross Margin)	50.5%	*	43.5%	60.0%
Inventory Turnover	5.0	*	*	5.0
<i>Small animals (total)</i>				
Initial Margin	56.5%	*	*	60.0%
Realized Margin (or Gross Margin)	53.0%	*	*	54.5%
Inventory Turnover	7.0	*	*	7.0
<i>Services (total)</i>				
Initial Margin	75.0%	*	*	75.0%
Realized Margin (or Gross Margin)	78.2%	*	*	78.2%
Inventory Turnover	4.2	*	*	*



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
EMPLOYEE BENEFITS				
<i>Were the Following Benefits Offered in 2020?</i>				
Medical				
Yes	43.3%	33.3%	8.3%	70.6%
No	56.7%	66.7%	91.7%	29.4%
Dental				
Yes	26.7%	11.1%	8.3%	41.2%
No	73.3%	88.9%	91.7%	58.8%
401k Match				
Yes	41.4%	33.3%	16.7%	62.5%
No	58.6%	66.7%	83.3%	37.5%
Vacation Days				
Yes	71.0%	90.0%	50.0%	88.9%
No	29.0%	10.0%	50.0%	11.1%
Cost Per Participating Employee				
Medical	\$4,147	*	*	\$4,147
Dental	\$297	*	*	\$297
401k Match	\$1,154	*	*	\$1,154
Vacation Days	\$839	\$709	*	\$930
ADVERTISING/MARKETING				
<i>Marketing budget (as a percent of total revenue) in each of the following years:</i>				
2019	2.5%	2.0%	2.0%	3.0%
2020	3.0%	2.1%	3.5%	2.9%
Anticipated 2021	3.0%	3.0%	3.5%	3.0%



CHAPTER 2 Pet Stores with Animals

Detailed Information

Chapter 2 - Pet Stores with Animals	Net Sales			
	Pet Stores with Animals	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Does company engage in the following advertising/marketing activities?</i>				
Broadcast TV Advertising	3.5%	0.0%	9.1%	0.0%
Cable TV Advertising	13.8%	33.3%	0.0%	22.2%
Radio Advertising	27.6%	33.3%	36.4%	22.2%
Co-Op Advertising with your supplier/manufacturer	51.7%	33.3%	54.6%	50.0%
Newspaper Advertising/Magazine Advertising	37.9%	55.6%	18.2%	50.0%
Non-Reimbursed Coupon Expense	55.2%	44.4%	54.6%	55.6%
Website/online advertisements	89.7%	88.9%	100.0%	83.3%
Email Blasts	55.2%	44.4%	45.5%	61.1%
In-Store/Community Events	51.7%	22.2%	54.6%	50.0%
Other	27.6%	22.2%	18.2%	33.3%
<i>Percentage of advertising/marketing budget spent:</i>				
In-house	63.1%	54.7%	77.9%	54.0%
Outsourced	36.9%	45.3%	22.1%	46.0%
Total	100.0%	100.0%	100.0%	100.0%
<i>Does company allow ordering through own website?</i>				
Yes	37.5%	36.4%	16.7%	52.6%
No	62.5%	63.6%	83.3%	47.4%
<i>If yes, percent of 2020 sales that were made through own website</i>				
Median	2.0%	*	*	2.0%
Average	5.5%	*	*	2.5%
<i>If company does not conduct sales through own website, is company planning to?</i>				
Yes, in 1-12 months	22.7%	11.1%	20.0%	27.3%
Yes, in 13-24 months	13.6%	0.0%	30.0%	0.0%
Yes, in more than 24 months	13.6%	0.0%	10.0%	18.2%
No	50.0%	88.9%	40.0%	54.6%



CHAPTER 3 Pet Stores – Dry Goods Only

Key Findings

Listed below is a summary of key findings related to all Pet Stores – Dry Goods Only. The findings include the most profitable Pet Stores – Dry Goods Only as well as Pet Stores – Dry Goods Only by revenue size (stores with Less than \$1 Million in revenue and stores with revenue of \$1 Million or More).

Respondent Profile

- The **size of the community served** can often influence financial performance. Just over 60% of all responding Pet Stores – Dry Goods Only indicated that the population of their community is 100,000 or more.
- 35.9% of all Pet Stores – Dry Goods Only were reported to be located in the West **region** and 28.3% were located in the South **region** of the United States.
- The median **store size** for all Pet Stores – Dry Goods Only was 2,857 square feet. As could be expected, the respondents in the \$1 Million or More sales group had more square footage than the Less than \$1 Million in sales group, with each reporting store sizes of 3,395 square feet and 1,500 square feet, respectively.
- 5.7% of all responding Pet Stores – Dry Goods Only are a **franchise operation**.
- The typical Pet Store – Dry Goods Only has been in business for 16.5 years as compared to 25 years for the \$1 Million or More sales group.
- \$1.46 million was the typical **sales volume** for Pet Stores – Dry Goods Only. This compares to the median sales volume of \$1.87 million for the Profit Leaders.
- **8 full-time equivalent employees** (FTEs) was the median response for all Pet Stores – Dry Goods Only. The \$1 Million or More sales group reported typically having 12 FTEs and the Less than \$1 Million in sales group had a median FTE count of 3.



CHAPTER 3

Pet Stores – Dry Goods Only

Key Findings

Key Financial Measures

- \$45.64 was the median **sales per transaction** reported by all responding Pet Stores – Dry Goods Only. The Profit Leaders were close behind the typical Pet Store – Dry Goods Only respondent, reporting a median sale per transaction of \$44.96 and the larger sales group produced higher sales per transaction than the smaller grouping (\$46.37 vs. \$39.70).
- **Return on assets** is a good overall indicator of company profitability performance and is calculated as net profit before taxes as a percent of total assets. The typical Pet Store – Dry Goods Only return on assets performance during 2020 was 9.3% for the year while the most profitable companies experienced a 29.1% return.
- **Return on net worth** indicates the profit earned as a percent of net worth (or owner's equity) and measures the amount of profit generated from the dollars invested in the company by ownership. The typical Pet Store – Dry Goods Only reported a return on net worth of 27.7%.
- **Operating Margin** (sales minus cost of goods sold) is a useful ratio to measure your company's pricing strategy and efficiency of your operations. The typical Pet Store – Dry Goods Only experienced an operating margin of 40.5%.
- The average **payroll expense** for Pet Stores – Dry Goods Only was 22.3%, the average **occupancy expense** was 7.1%, and the average **general and administrative expense** was reported to be 6.5%. These three expense categories combined for an average total operating expense of 35.9%.
- After subtracting out cost of goods sold and total operating expenses, Pet Store – Dry Goods Only respondents reported an average of 4.6% **net profit margin** (as a percent of total revenues). This compares to 8.3% for the Profit Leaders.
- The typical Pet Store – Dry Goods Only reported **sales growth** of 5.3% in 2020 versus 2019 and **forecasted sales growth** of 5.0% for 2021.
- **Inventory turnover** shows how rapidly inventory is moving and is calculated by cost of goods sold divided by average inventory. In any retail industry, this is a metric that should be tracked closely, as having too much inventory on hand can financially limit a company. The typical Pet Store – Dry Goods Only reported inventory turns of 6.6 while the \$1 Million or More sales group had higher turns (7.9).
- **Asset turnover** tells us how many sales dollars are being generated by each dollar of assets employed in running the business. Overall, Pet Stores – Dry Goods Only reported a median asset turnover of 5.3 for the year. This compares to 5.2 turns for the Profit Leaders during 2020.
- **Financial leverage** (total assets divided by net worth) and the **debt to equity ratio** (liabilities divided by net worth) are good indicators of how much a company is financed by debt versus the equity invested by the owners. The typical Pet Store – Dry Goods Only reported a median financial leverage value of 1.6 and a median debt to equity ratio of 0.6. A debt to equity ratio of 1.0 would indicate that owners have an equal stake in the company's assets as outside creditors/lenders. A low debt to equity ratio typically implies a very stable organization.
- The **current ratio** is a liquidity measure and it indicates a firm's ability to pay short-term debt with funds (assets) currently available. The higher the value, the easier it will be for a company to pay off debt that is coming due. The typical Pet Store – Dry Goods Only reported a current ratio of 2.2, and the respondents in the \$1 Million or More sales group with 1.9.
- The **quick ratio** is another liquidity measure but subtracts inventory from current assets since inventory is not readily convertible to cash. The typical Pet Store – Dry Goods Only respondent reported a quick ratio of 0.7, which is equal to the larger sales group's ratio.



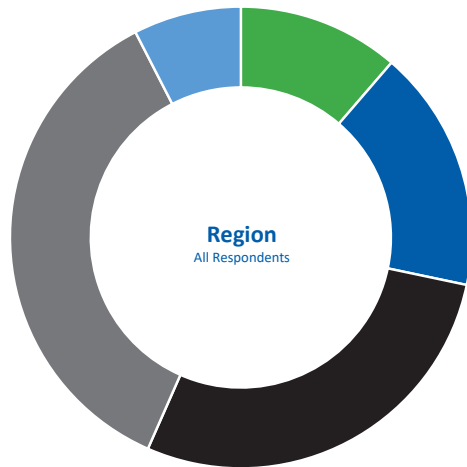
CHAPTER 3 Pet Stores – Dry Goods Only



Executive Summary

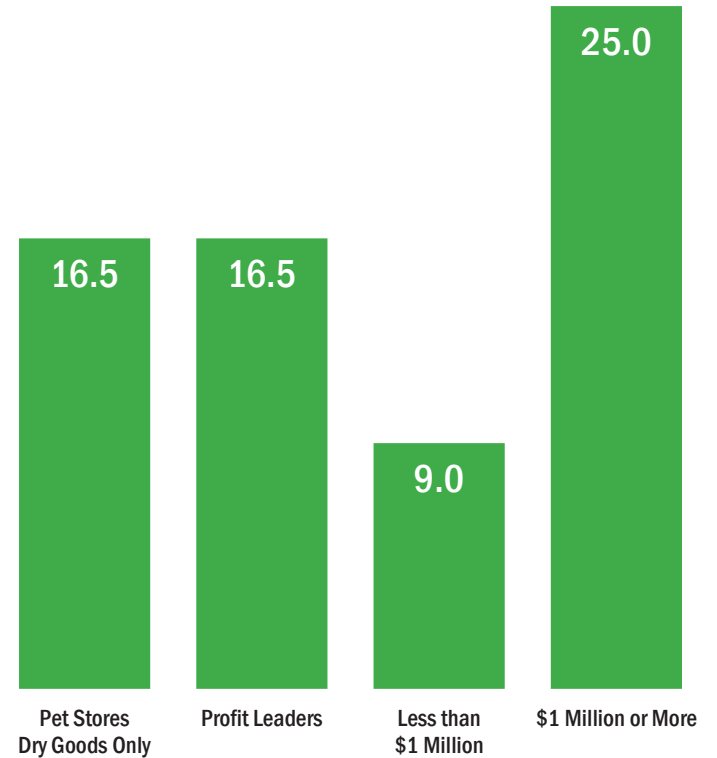


Major Metro Area (over 1 million population)	27.3%
Moderate size city (100,000 to 1 million)	34.6%
Small city (25,000 to less than 100,000)	32.7%
Town of fewer than 25,000 or rural area	5.5%



Northeast	11.3%
Midwest	17.0%
South	28.3%
West	35.9%
Canada	7.6%

Years in Operation

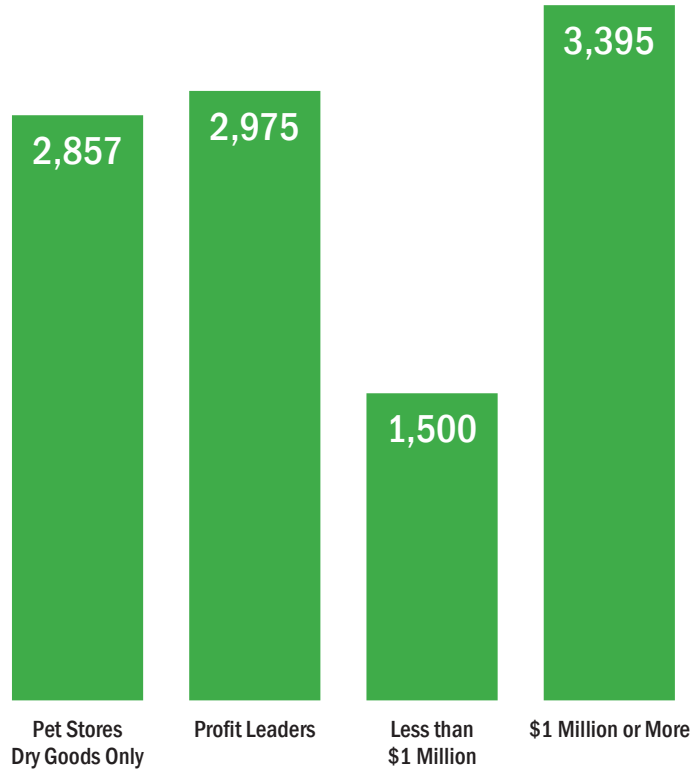




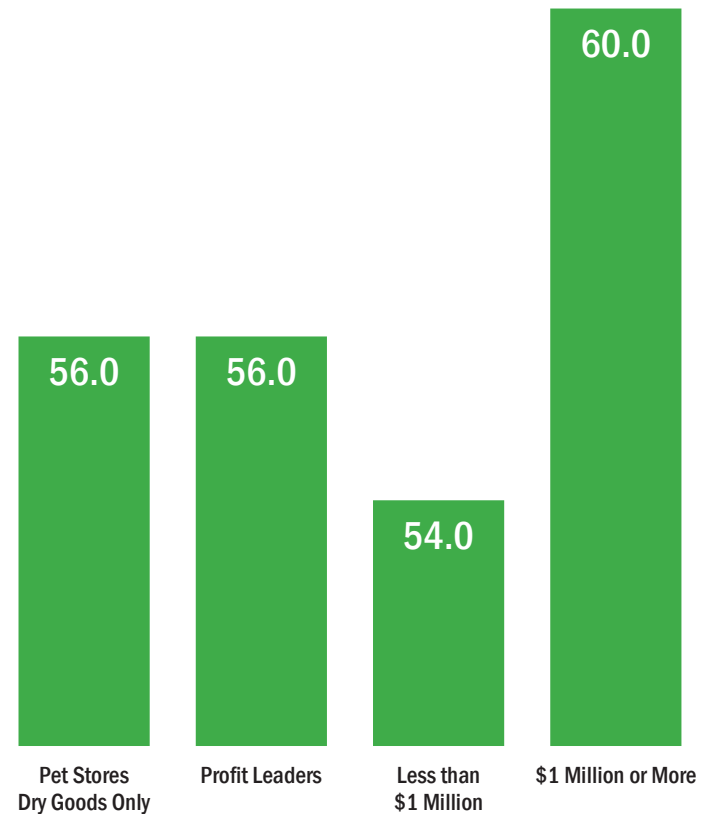
CHAPTER 3 Pet Stores – Dry Goods Only

Executive Summary

Total Square Feet Per Store



Weekly Hours of Operation





CHAPTER 3 Pet Stores – Dry Goods Only



Sales and Employee Information

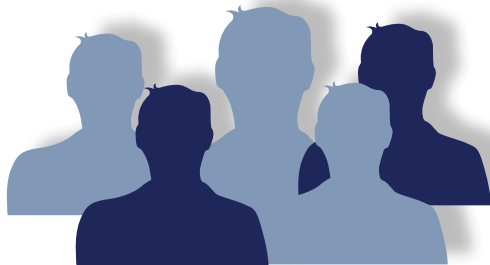


\$1,462,679

Sales

\$45.64

Sale Price per Transaction



\$220,000

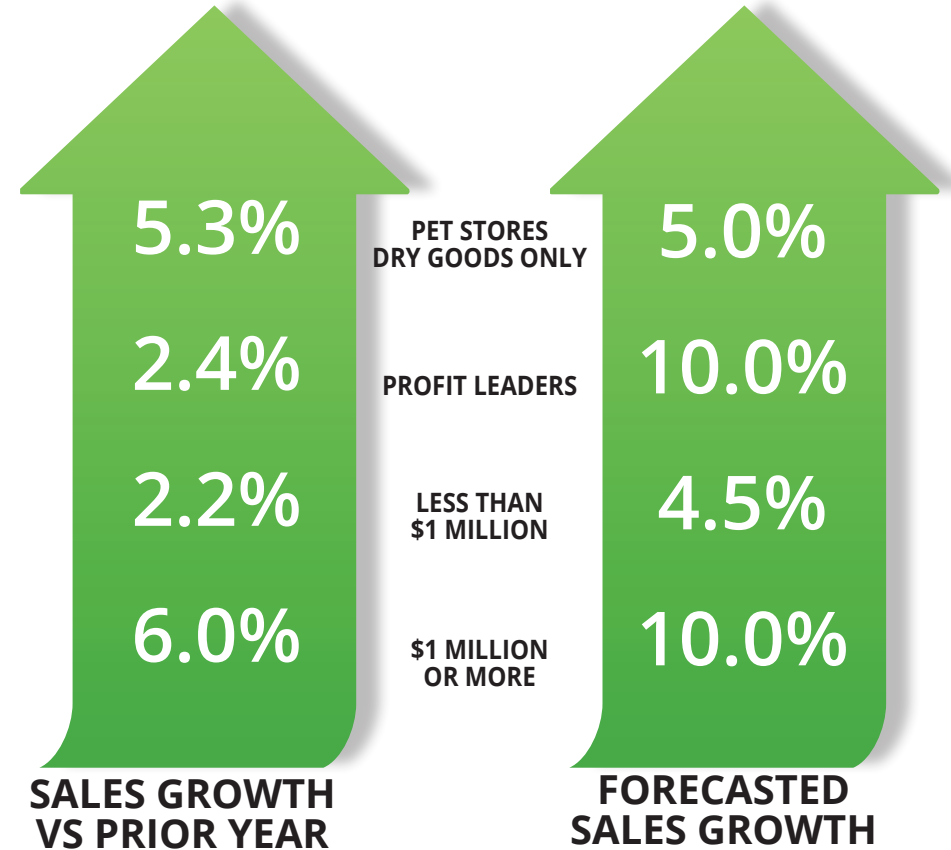
Total Revenues
Per Employee

8.0

Number of
Employees
(in FTEs)

22.3%

Total Payroll as a %
of Total Revenues





CHAPTER 3 Pet Stores – Dry Goods Only



Overall Key Performance Measures

Profit Margin
(Net Operating Profit Before Taxes as a % of Total Revenues)

4.6%

Asset Turnover
(Total Revenues/Total Assets)

5.3

Return on Assets
(Net Profit Before Taxes as a % of Total Assets)

9.3%

Financial Leverage
(Total Assets / Net Worth)

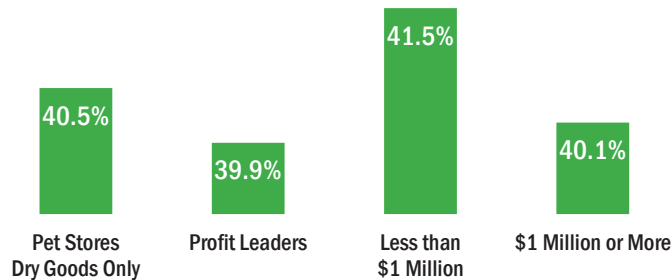
1.6

Return on Net Worth
Net Profit Before Taxes as a % of Net Worth)

27.7%

$4.6\% \times 5.3 = 9.3\% \times 1.6 = 27.7\%$

Operating Margin (Operating Margin as a % of Total Revenue)



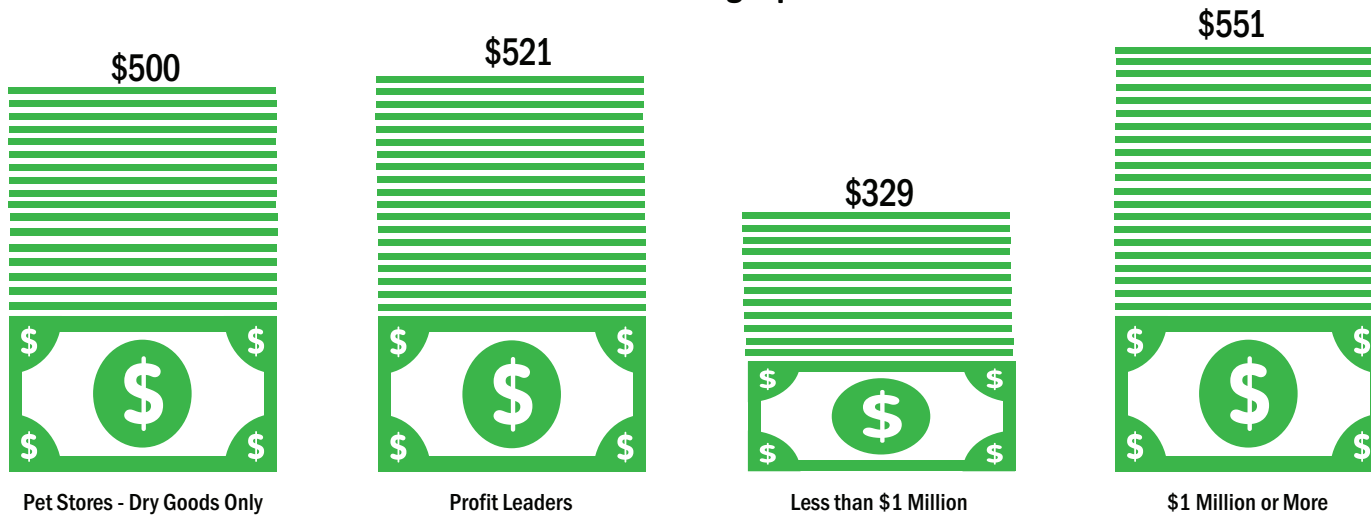
Inventory Turnover (Cost of Goods Sold/Inventory)



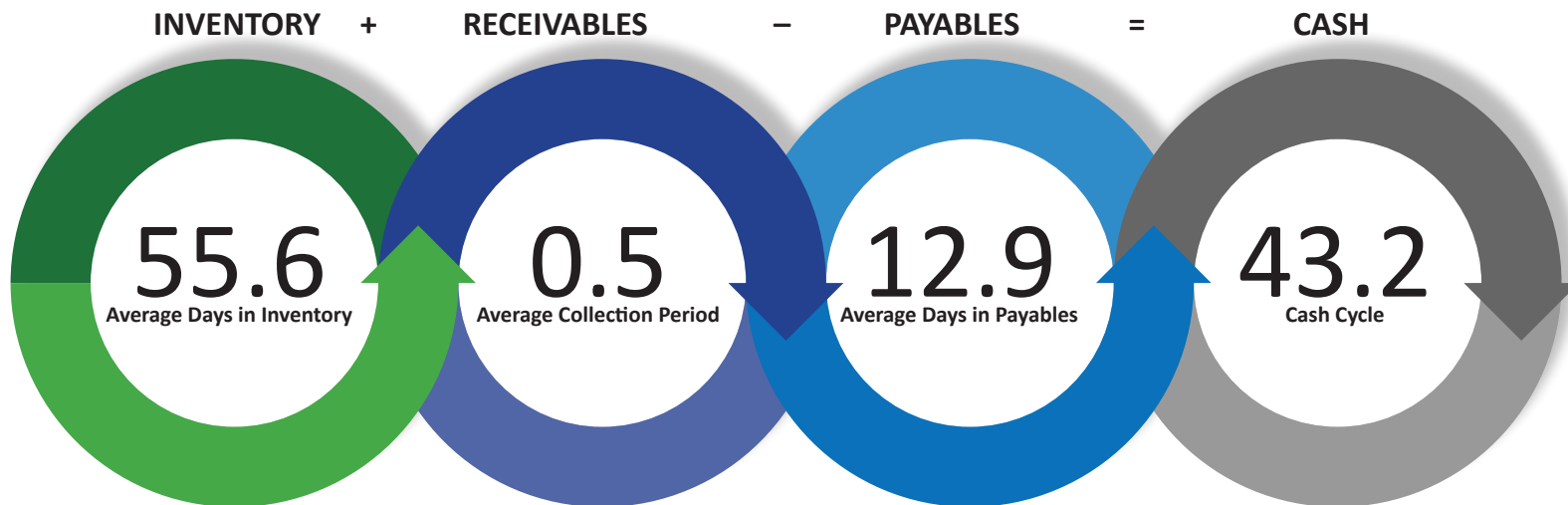


CHAPTER 3 Pet Stores – Dry Goods Only

Total Revenues Per Selling Square Foot



CASH CYCLE





CHAPTER 3 Pet Stores – Dry Goods Only



Multi-year Trend Comparison

Chapter 3 - Pet Stores – Dry Goods Only

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
OVERALL KEY PERFORMANCE MEASURES							
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	5.3%	3.6%	6.6%	8.8%	8.6%	7.4%	4.6%
Operating Margin (Operating Margin as % of Total Revenues)	36.8%	36.3%	40.2%	42.7%	42.7%	39.6%	40.5%
Asset Turnover (Total Revenues/Total Assets)	7.2	5.1	4.6	4.1	5.0	5.0	5.3
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	30.2%	13.3%	19.0%	20.7%	21.5%	20.6%	9.3%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	124.5%	36.4%	35.1%	39.5%	38.9%	32.1%	27.7%
MANAGEMENT RATIOS							
Inventory Turnover (Cost of Goods Sold/Inventory)	8.7	6.7	6.0	6.3	6.2	6.4	6.6
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	328.8%	234.5%	223.9%	238.4%	239.4%	242.9%	247.9%
Financial Leverage (Total Assets/Net Worth)	2.5	2.3	2.0	1.5	1.5	1.5	1.6
Debt to Equity	1.8	1.3	1.0	0.5	0.5	0.5	0.6
LIQUIDITY MEASURES							
Current Ratio (Current Assets/Current Liabilities)	1.5	1.7	1.6	1.3	1.7	1.8	2.2
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.5	0.5	0.4	0.3	0.5	0.5	0.7
EMPLOYEE PRODUCTIVITY RATIOS							
Total Revenues Per Employee	\$175,541	\$224,403	\$187,131	\$194,362	\$213,636	\$233,658	\$220,000
Total Payroll as a % of Total Revenues	16.3%	16.1%	16.8%	16.5%	17.6%	18.4%	22.3%
SALES PERFORMANCE							
Median Current Year Sales	\$808,605	\$1,033,384	\$800,418	\$748,922	\$874,878	\$1,213,623	\$1,462,679
Average Current Year Sales	\$4,578,518	\$4,641,524	\$3,404,159	\$2,462,384	\$1,903,699	\$2,804,009	\$7,257,633
Median Net Sales per Location	\$709,454	\$883,333	\$731,619	\$595,000	\$711,624	\$949,087	\$1,103,391
Average Net Sales per Location	\$995,290	\$1,250,507	\$926,573	\$1,016,749	\$1,013,745	\$1,204,170	\$1,293,340
Sales Growth	7.3%	8.9%	3.8%	4.9%	6.2%	3.9%	5.3%
Forecasted Sales Growth	9.0%	10.0%	5.0%	10.0%	8.0%	1.5%	5.0%



CHAPTER 3 Pet Stores – Dry Goods Only



Multi-year Trend Comparison

Chapter 3 - Pet Stores – Dry Goods Only	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
INCOME STATEMENT (as a % of Total Revenues)							
<i>Revenue and Cost of Goods</i>							
Net Sales of Merchandise	99.7%	99.6%	99.4%	99.7%	99.8%	99.9%	97.1%
Income from Grooming	0.2%	0.1%	0.0%	0.0%	0.0%	0.0%	0.7%
Income from Boarding of All Animals	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Forgiven PPP Loans	*	*	*	*	*	*	2.1%
All Other Income	0.1%	0.3%	0.7%	0.3%	0.2%	0.1%	0.1%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	63.2%	63.7%	59.8%	57.3%	57.4%	60.4%	59.5%
Operating Margin	36.8%	36.3%	40.2%	42.7%	42.7%	39.6%	40.5%
<i>Payroll Expenses</i>							
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	4.4%	5.0%	5.0%	5.7%	4.2%	4.8%	5.3%
Salary, Wages, Bonuses, Commission--All Other Employees	10.0%	9.6%	9.4%	8.5%	11.1%	11.2%	14.1%
Payroll Taxes	1.2%	1.1%	1.8%	1.7%	1.7%	1.4%	1.7%
Employee Benefits Expenses	0.8%	0.5%	0.5%	0.6%	0.6%	1.0%	1.2%
Total Payroll Expenses	16.3%	16.1%	16.8%	16.5%	17.6%	18.4%	22.3%
<i>Occupancy Expenses</i>							
Rent (including common area charges)	6.5%	7.6%	7.5%	7.9%	7.5%	6.2%	6.0%
Repairs and Maintenance	0.5%	0.5%	0.4%	0.5%	0.6%	0.4%	0.4%
Utilities (except Telephone)	0.9%	1.1%	1.0%	1.3%	1.1%	1.1%	0.8%
Total Occupancy Expenses	7.9%	9.2%	8.9%	9.6%	9.2%	7.6%	7.1%



CHAPTER 3 Pet Stores – Dry Goods Only

Multi-year Trend Comparison

Chapter 3 - Pet Stores – Dry Goods Only	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<i>General & Administrative Expenses</i>							
Professional Services (e.g., accounting, legal, etc.)	0.3%	0.3%	0.4%	0.6%	0.6%	0.6%	0.5%
Advertising and Promotion	1.8%	2.0%	1.5%	1.5%	1.6%	1.5%	1.2%
Insurance (general liability, loss coverage, etc.)	0.5%	0.5%	0.5%	0.7%	0.7%	0.7%	0.5%
Depreciation/Amortization Expense	1.0%	0.9%	0.9%	0.7%	0.8%	0.6%	1.0%
Office Expenses (store/office supplies, computer equipment/software, general postage)	0.8%	1.0%	1.0%	1.4%	1.1%	1.1%	1.0%
Telephone	0.4%	0.5%	0.5%	0.6%	0.4%	0.4%	0.2%
Travel and Entertainment	0.4%	0.5%	0.4%	0.5%	0.4%	0.3%	0.2%
Licenses, Permits and Other Taxes	0.5%	0.5%	0.2%	0.2%	0.1%	0.1%	0.2%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	1.4%	1.2%	2.5%	1.7%	1.5%	1.0%	1.7%
Total General and Administrative Expenses	7.2%	7.4%	7.9%	7.9%	7.3%	6.2%	6.5%
Total Operating Expenses	31.4%	32.7%	33.6%	33.9%	34.0%	32.2%	35.9%
Net Operating Profit	5.3%	3.6%	6.6%	8.8%	8.6%	7.4%	4.6%
Interest Income (Expense)	-0.1%	-0.2%	-0.3%	-0.6%	-0.4%	-0.3%	-0.1%
Other Income (Expense)	0.0%	0.0%	0.0%	0.1%	0.0%	0.0%	-0.1%
Net Income (or Loss) Before Tax	5.2%	3.4%	6.2%	8.3%	8.2%	7.1%	4.4%



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
OVERALL KEY PERFORMANCE MEASURES				
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	4.6%	8.3%	4.9%	4.5%
Operating Margin (Operating Margin as % of Total Revenues)	40.5%	39.9%	41.5%	40.1%
Asset Turnover (Total Revenues/Total Assets)	5.3	5.2	1.8	7.0
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	9.3%	29.1%	5.4%	10.1%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	27.7%	45.1%	5.8%	32.4%
MANAGEMENT RATIOS				
Inventory Turnover (Cost of Goods Sold/Inventory)	6.6	7.4	5.8	7.9
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	247.9%	254.1%	223.1%	248.1%
Financial Leverage (Total Assets/Net Worth)	1.6	1.3	1.1	1.6
Debt to Equity	0.6	0.2	0.0	0.6
CASH CYCLE				
Average Collection Period [365 days / (Sales / Avg Accounts Receivable)]	0.5	0.0	0.0	0.7
Average Days in Inventory [365 days / (COGS / Avg Inventory)]	55.6	49.2	62.6	46.2
Average Days in Payables [365 days / (COGS / Avg Accounts Payable)]	10.0	12.0	3.5	15.7
Cash Cycle (Average Collection Period + Inventory Days - Payable Days)	43.2	35.1	61.1	35.1
LIQUIDITY MEASURES				
Current Ratio (Current Assets/Current Liabilities)	2.2	3.4	11.5	1.9
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.7	1.4	2.4	0.7
EMPLOYEE PRODUCTIVITY RATIOS				
Total Revenues Per Employee	\$220,000	\$229,055	\$173,062	\$220,244
Total Payroll as a % of Total Revenues	22.3%	19.6%	22.7%	22.1%
Payroll Per Employee	\$48,658	\$51,974	\$59,256	\$48,034
Operating Margin Per Employee	\$90,595	\$91,568	\$90,595	\$89,256



CHAPTER 3 Pet Stores – Dry Goods Only



Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
SALES PERFORMANCE				
Median Current Year Sales	\$1,462,679	\$1,870,730	\$382,328	\$2,028,726
Average Current Year Sales	\$7,257,633	\$3,853,148	\$508,369	\$11,029,280
Median Net Sales per Location	\$1,103,391	\$1,366,698	\$396,530	\$1,518,411
Average Net Sales per Location	\$1,293,340	\$1,303,032	\$525,063	\$1,700,075
2020 Sales Growth	5.3%	2.4%	2.2%	6.0%
Forecasted 2021 Sales Growth	5.0%	10.0%	4.5%	10.0%
SALES LOCATION BREAKDOWN (as a % of total net sales)				
Mall Shopping Center	7.1%	14.5%	6.3%	4.1%
Freestanding	50.4%	37.9%	43.8%	56.4%
Strip Center	41.1%	47.1%	48.8%	37.9%
Online	1.5%	0.5%	1.2%	1.7%
Total Net Sales	100.0%	100.0%	100.0%	100.0%
SPACE PRODUCTIVITY RATIOS				
<i>ALL STORES:</i>				
Total Square Feet Per Store	2,857	2,975	1,500	3,395
Selling Square Feet Per Store	1,800	1,950	1,250	2,700
Total Revenues Per Selling Square Foot	\$500	\$521	\$329	\$551
Operating Margin Per Selling Square Foot	\$191	\$220	\$150	\$249
<i>SHOPPING CENTERS:</i>				
Total Square Feet Per Store	2,250	*	*	2,580
Selling Square Feet Per Store	1,800	*	*	2,000
Total Revenue Per Selling Square Foot	\$1,156	*	*	\$1,200
Operating Margin Per Selling Square Foot	\$554	*	*	*



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>FREESTANDING STORES:</i>				
Total Square Feet Per Store	3,600	4,000	1,775	4,800
Selling Square Feet Per Store	2,500	3,000	1,500	3,000
Total Revenues Per Selling Square Foot	\$619	\$725	\$359	\$888
Operating Margin Per Selling Square Foot	\$279	\$263	*	\$460
<i>STRIP CENTER:</i>				
Total Square Feet Per Store	2,875	2,975	1,425	3,000
Selling Square Feet Per Store	1,900	2,150	1,150	2,625
Total Revenues Per Selling Square Foot	\$617	\$737	\$344	\$725
Operating Margin Per Selling Square Foot	\$263	\$275	\$237	\$276
INCOME STATEMENT (as a % of Total Revenues)				
<i>Revenue and Cost of Goods</i>				
Net Sales of Merchandise	97.1%	97.3%	97.8%	96.8%
Income from Grooming	0.7%	0.0%	0.0%	1.0%
Income from Boarding of All Animals	0.0%	0.0%	0.0%	0.0%
Forgiven PPP Loans	2.1%	2.6%	2.2%	2.0%
All Other Income	0.1%	0.1%	0.1%	0.1%
Total Revenues	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	59.5%	60.1%	58.5%	59.9%
Operating Margin	40.5%	39.9%	41.5%	40.1%
<i>Payroll Expenses</i>				
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	5.3%	5.1%	6.5%	4.8%
Salary, Wages, Bonuses, Commission--All Other Employees	14.1%	11.6%	13.8%	14.2%
Payroll Taxes	1.7%	1.9%	1.1%	1.9%
Employee Benefits Expenses	1.2%	1.0%	1.4%	1.2%
Total Payroll Expenses	22.3%	19.6%	22.7%	22.1%



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>Occupancy Expenses</i>				
Rent (including common area charges)	6.0%	5.6%	6.4%	5.8%
Repairs and Maintenance	0.4%	0.5%	0.5%	0.3%
Utilities (except Telephone)	0.8%	0.7%	1.0%	0.7%
Total Occupancy Expenses	7.1%	6.8%	7.8%	6.9%
<i>General & Administrative Expenses</i>				
Professional Services (e.g., accounting, legal, etc.)	0.5%	0.6%	1.0%	0.3%
Advertising and Promotion	1.2%	0.9%	1.5%	1.1%
Insurance (general liability, loss coverage, etc.)	0.5%	0.5%	0.3%	0.5%
Depreciation/Amortization Expense	1.0%	0.7%	0.7%	1.1%
Office Expenses (store/office supplies, computer equipment/software, general postage)	1.0%	0.8%	0.8%	1.1%
Telephone	0.2%	0.2%	0.3%	0.2%
Travel and Entertainment	0.2%	0.2%	0.2%	0.2%
Licenses, Permits and Other Taxes	0.2%	0.1%	0.1%	0.2%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	1.7%	1.0%	1.0%	1.9%
Total General and Administrative Expenses	6.5%	5.2%	6.2%	6.6%
Total Operating Expenses	35.9%	31.6%	36.7%	35.6%
Net Operating Profit	4.6%	8.3%	4.9%	4.5%
Interest Income (Expense)	-0.1%	0.2%	0.4%	-0.4%
Other Income (Expense)	-0.1%	0.0%	0.0%	-0.1%
Net Income (or Loss) Before Tax	4.4%	8.5%	5.3%	4.1%



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information



Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
BALANCE SHEET (as a % of Total Assets)				
<i>Assets</i>				
Cash & Equivalent	20.1%	20.4%	23.1%	19.0%
Accounts & Notes Receivable	2.2%	2.3%	1.3%	2.4%
Inventory	39.3%	35.9%	30.0%	42.5%
Other Current Assets	5.1%	5.7%	2.2%	6.0%
Total Current Assets	66.5%	64.2%	56.7%	70.0%
Plant and Equipment (fixed assets) (less accumulated depreciation)	28.1%	32.5%	40.0%	24.0%
Other Assets	5.3%	3.3%	3.3%	6.0%
Total Assets	100.0%	100.0%	100.0%	100.0%
<i>Liabilities & Net Worth</i>				
Accounts Payable	10.9%	8.8%	7.0%	12.2%
Notes Payable	9.6%	7.5%	11.3%	9.0%
Other Current Liabilities	11.1%	8.3%	5.7%	13.0%
Total Current Liabilities	31.5%	24.6%	24.0%	34.2%
Long Term Liabilities	19.0%	11.3%	19.5%	18.8%
Unforgiven PPP Loans	4.5%	2.0%	2.1%	5.3%
Net Worth	45.1%	62.1%	54.4%	41.8%
Total Liabilities & Net Worth	100.0%	100.0%	100.0%	100.0%
RESPONDENT PROFILE				
<i>Typical number of locations</i>				
Median	1.0	1.0	1.0	1.0
Average	4.9	2.5	1.0	6.7



CHAPTER 3 Pet Stores – Dry Goods Only



Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>Type of business</i>				
Pet Store with Animals	0.0%	0.0%	0.0%	0.0%
Grooming Store w/Retail Supplies	0.0%	0.0%	0.0%	0.0%
Aquarium Store	0.0%	0.0%	0.0%	0.0%
Pet Store Dry Goods Only	100.0%	100.0%	100.0%	100.0%
Online Retailer	0.0%	0.0%	0.0%	0.0%
<i>If you operate a pet store with animals, which animals do you sell?</i>				
Dog	*	*	*	*
Cat	*	*	*	*
Bird	*	*	*	*
Freshwater Fish	*	*	*	*
Saltwater Fish	*	*	*	*
Reptile	*	*	*	*
Small Animal	*	*	*	*
<i>Is your store a franchise operation?</i>				
Yes	5.7%	7.1%	0.0%	9.4%
No	94.3%	92.9%	100.0%	90.6%
<i>Community size of store location(s)</i>				
Major Metro Area (over 1 million population)	27.3%	33.3%	15.8%	32.4%
Moderate size city (100,000 to 1 million)	34.6%	20.0%	15.8%	44.1%
Small city (25,000 to less than 100,000)	32.7%	46.7%	57.9%	20.6%
Town of fewer than 25,000 or rural area	5.5%	0.0%	10.5%	2.9%
<i>Years in operation</i>				
Median	16.5	16.5	9.0	25.0
Average	22.8	22.1	13.3	28.6



CHAPTER 3 Pet Stores – Dry Goods Only



Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>Legal form of business</i>				
C-Corp	22.2%	33.3%	16.7%	23.5%
S-Corp	57.4%	53.3%	61.1%	55.9%
Partnership (LLC)	14.8%	6.7%	11.1%	17.7%
Sole proprietorship	1.9%	0.0%	5.6%	0.0%
Other	3.7%	6.7%	5.6%	2.9%
<i>Business premises owned vs leased</i>				
Owned	16.4%	20.0%	21.1%	14.7%
Leased	78.2%	80.0%	79.0%	76.5%
Both Owned and Leased (multiple locations)	5.5%	0.0%	0.0%	8.8%
Other	0.0%	0.0%	0.0%	0.0%
<i>Accounting method</i>				
Cash Basis Accounting	55.8%	46.7%	82.4%	42.4%
Accrual Basis Accounting	44.2%	53.3%	17.7%	57.6%
<i>Did organization receive PPP loan?</i>				
Yes	84.6%	85.7%	77.8%	90.6%
No, did not apply	13.5%	14.3%	16.7%	9.4%
No, applied but was not approved	0.0%	0.0%	0.0%	0.0%
Not sure	1.9%	0.0%	5.6%	0.0%
<i>Weekly hours of operation, per store, in 2020</i>				
Median	56.0	56.0	54.0	60.0
Average	59.3	57.1	51.9	63.6
<i>Total number of company-wide register transactions in 2020</i>				
Median	29,587	40,000	11,280	48,130
Average	174,206	82,468	13,176	268,604



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>Sale price per register transaction in 2020</i>				
Median	\$45.64	\$44.96	\$39.70	\$46.37
Average	\$127.05	\$106.97	\$42.68	\$176.51
<i>Service offered</i>				
Grooming	26.9%	14.3%	16.7%	33.3%
Training	38.5%	42.9%	0.0%	50.0%
Aquarium Service	0.0%	0.0%	0.0%	0.0%
Wing Clipping	7.7%	0.0%	16.7%	5.6%
Veterinary Care	7.7%	0.0%	16.7%	5.6%
Boarding (Dog/Cat)	3.9%	0.0%	16.7%	0.0%
Boarding (Other)	3.9%	0.0%	16.7%	0.0%
Day Care	3.9%	0.0%	0.0%	5.6%
Nail Trimming	26.9%	0.0%	50.0%	22.2%
Other	34.6%	57.1%	50.0%	27.8%
EMPLOYEE INFORMATION				
<i>Typical Number of Employees for the Year (in FTEs)</i>				
Median	8.0	10.0	3.0	12.0
Average	34.8	18.4	3.3	54.5
<i>Number of Full-Time Employees</i>				
Median	4.0	5.0	1.8	6.0
Average	24.6	14.3	1.9	38.1
<i>Number of Part-Time Employees</i>				
Median	3.0	3.0	1.8	5.0
Average	11.8	4.3	2.1	16.4
<i>Employee Turnover</i>				
All Employees	22.3%	28.8%	16.3%	26.6%
Full-Time Employees	12.5%	19.6%	5.6%	16.7%
Part-Time Employees	37.1%	36.6%	33.0%	40.0%



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
GIFT CARDS				
<i>Does company sell store gift cards?</i>				
Yes	81.8%	73.3%	63.2%	91.2%
No	18.2%	26.7%	36.8%	8.8%
<i>If store gift cards are sold, Total 2020 Gift Card Sales</i>				
Median	\$3,000	\$3,195	\$3,348	\$3,000
Average	\$8,555	\$6,370	\$3,942	\$11,287
<i>If store gift cards are sold, Total 2020 Gift Card Sales as a % of Total Revenues</i>				
Median	0.1%	0.1%	ISD	0.1%
Average	0.3%	0.4%	ISD	0.2%
RETAIL SALES MIX				
<i>General Sales Mix</i>				
Pet food	59.6%	59.2%	57.6%	60.3%
Dry Goods	32.2%	38.2%	35.3%	30.7%
Live Animals	0.5%	0.7%	0.8%	0.4%
Other	7.6%	1.9%	6.3%	8.7%
Total	100.0%	100.0%	100.0%	100.0%
<i>Detailed Category Sales Mix</i>				
Aquatics	0.9%	0.2%	1.8%	0.3%
Bird	1.5%	0.4%	2.0%	1.2%
Cat	18.3%	16.8%	16.3%	19.5%
Dog	73.7%	80.3%	75.9%	72.3%
Reptile	0.7%	0.1%	0.5%	0.8%
Small Animals	0.7%	0.7%	0.4%	0.9%
Services	0.7%	0.4%	0.3%	1.0%
Other	3.6%	1.1%	2.8%	4.1%
Total	100.0%	100.0%	100.0%	100.0%



CHAPTER 3 Pet Stores – Dry Goods Only



Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
MARGINS AND TURNOVER				
<i>Pet food</i>				
Initial Margin	33.5%	33.0%	33.0%	34.0%
Realized Margin (or Gross Margin)	30.0%	28.9%	30.0%	30.0%
Inventory Turnover	9.0	9.1	8.0	10.0
<i>Dry goods</i>				
Initial Margin	50.0%	50.0%	50.0%	50.0%
Realized Margin (or Gross Margin)	45.0%	43.0%	43.5%	46.0%
Inventory Turnover	5.0	5.2	7.0	4.9
<i>Live animals</i>				
Initial Margin	*	*	*	*
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Aquatics (total)</i>				
Initial Margin	*	*	*	*
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Bird (total)</i>				
Initial Margin	45.0%	*	*	*
Realized Margin (or Gross Margin)	42.0%	*	*	*
Inventory Turnover	*	*	*	*
<i>Cat (total)</i>				
Initial Margin	37.5%	35.0%	39.0%	35.5%
Realized Margin (or Gross Margin)	31.9%	*	31.6%	32.0%
Inventory Turnover	7.0	*	*	*



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information



Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>Dog (total)</i>				
Initial Margin	39.3%	37.5%	40.0%	39.0%
Realized Margin (or Gross Margin)	35.4%	*	35.0%	35.8%
Inventory Turnover	7.7	*	*	*
<i>Reptile (total)</i>				
Initial Margin	*	*	*	*
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Small animals (total)</i>				
Initial Margin	46.7%	*	*	*
Realized Margin (or Gross Margin)	45.4%	*	*	45.5%
Inventory Turnover	*	*	*	*
<i>Services (total)</i>				
Initial Margin	*	*	*	*
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
EMPLOYEE BENEFITS				
<i>Were the Following Benefits Offered in 2020?</i>				
Medical				
Yes	51.2%	50.0%	23.5%	72.7%
No	48.8%	50.0%	76.5%	27.3%
Dental				
Yes	31.0%	28.6%	23.5%	34.8%
No	69.1%	71.4%	76.5%	65.2%
401k Match				
Yes	29.3%	23.1%	11.8%	40.9%
No	70.7%	76.9%	88.2%	59.1%



CHAPTER 3 Pet Stores – Dry Goods Only



Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
Vacation Days				
Yes	65.0%	69.2%	47.1%	81.0%
No	35.0%	30.8%	52.9%	19.1%
Cost Per Participating Employee				
Medical	\$2,500	*	*	\$2,500
Dental	\$351	*	*	*
401k Match	\$1,600	*	*	*
Vacation Days	\$1,000	\$655	\$1,071	\$854
ADVERTISING/MARKETING				
<i>Marketing budget (as a percent of total revenue) in each of the following years:</i>				
2019	2.0%	2.0%	2.0%	2.0%
2020	2.0%	1.5%	2.0%	2.0%
Anticipated 2021	2.0%	2.0%	2.0%	2.0%
<i>Does company engage in the following advertising/marketing activities?</i>				
Broadcast TV Advertising	2.4%	0.0%	6.3%	0.0%
Cable TV Advertising	9.5%	7.1%	12.5%	8.3%
Radio Advertising	35.7%	14.3%	25.0%	41.7%
Co-Op Advertising with your supplier/manufacturer	35.7%	35.7%	12.5%	50.0%
Newspaper Advertising/Magazine Advertising	54.8%	50.0%	50.0%	54.2%
Non-Reimbursed Coupon Expense	45.2%	42.9%	43.8%	45.8%
Website/online advertisements	81.0%	78.6%	62.5%	91.7%
Email Blasts	61.9%	57.1%	37.5%	79.2%
In-Store/Community Events	66.7%	57.1%	43.8%	83.3%
Other	26.2%	28.6%	31.3%	20.8%



CHAPTER 3 Pet Stores – Dry Goods Only

Detailed Information

Chapter 3 - Pet Stores – Dry Goods Only	Net Sales			
	Pet Stores – Dry Goods Only	Profit Leaders	Less than \$1Million	\$1 Million or More
<i>Percentage of advertising/marketing budget spent:</i>				
In-house	74.7%	70.4%	76.0%	77.5%
Outsourced	25.3%	29.6%	24.0%	22.5%
Total	100.0%	100.0%	100.0%	100.0%
<i>Does company allow ordering through own website?</i>				
Yes	46.3%	50.0%	37.5%	52.2%
No	53.7%	50.0%	62.5%	47.8%
<i>If yes, percent of 2020 sales that were made through own website</i>				
Median	5.0%	3.8%	1.0%	5.5%
Average	7.7%	5.3%	5.0%	9.1%
<i>If company does not conduct sales through own website, is company planning to?</i>				
Yes, in 1-12 months	55.6%	60.0%	25.0%	77.8%
Yes, in 13-24 months	16.7%	20.0%	12.5%	22.2%
Yes, in more than 24 months	0.0%	0.0%	0.0%	0.0%
No	27.8%	20.0%	62.5%	0.0%



CHAPTER 4

Grooming Stores with Retail Supplies



Key Findings

Listed below is a summary of key findings related to all Grooming Stores with Retail Supplies. The findings include the most profitable Grooming Stores with Retail Supplies as well as Grooming Stores with Retail Supplies by revenue size (stores with Less than \$1 Million in revenue and stores with revenue of \$1 Million or More).

Respondent Profile

- The **size of the community** served can often influence financial performance. Over 80% of all responding Grooming Stores with Retail Supplies indicated that the population of their community is 100,000 or more.
- Nearly half (42.9%) of all responding Grooming Stores with Retail Supplies were from the Midwest **region** of the United States.
- The median **store size** for all Grooming Stores with Retail Supplies was 3,400 square feet. As could be expected, the respondents in the \$1 million or More sales group had more square footage than the Less than \$1 Million in sales group, with each reporting store sizes of 4,675 square feet and 2,789 square feet, respectively.
- 0.0% of all responding Grooming Stores with Retail Supplies are a **franchise operation**.
- The typical Grooming Store with Retail Supplies has been in business for 9 years as compared to 8.5 years for those in the \$1 Million or More sales group.
- \$577,771 was the typical **sales volume** for Grooming Stores with Retail Supplies. This compares to the median sales volume of \$665,959 for the Profit Leaders.
- 12.5 **full-time equivalent employees** (FTEs) was the median response for all Grooming Stores with Retail Supplies. The \$1 Million or More sales group reported typically having 22.5 FTEs and the Less than \$1 Million in sales group had a median FTE count of 7.5.



CHAPTER 4

Grooming Stores with Retail Supplies

Key Findings

Key Financial Measures

- \$46.49 was the median **sales per transaction** reported by all responding Grooming Stores with Retail Supplies. The smaller sales group interestingly produced higher sales per transaction than the larger grouping (\$55.77 vs. \$43.14).
- **Return on assets** is a good overall indicator of company profitability performance and is calculated as net profit before taxes as a percent of total assets. The typical Grooming Store with Retail Supplies return on assets performance during 2020 was 42.2% for the year.
- **Return on net worth** indicates the profit earned as a percent of net worth (or owner's equity) and measures the amount of profit generated from the dollars invested in the company by ownership. The typical Grooming Store with Retail Supplies reported a return on net worth of 49.2%.
- **Operating Margin** (sales minus cost of goods sold) is a useful ratio to measure your company's pricing strategy and efficiency of your operations. The typical Grooming Store with Retail Supplies experienced an operating margin of 62.1%. The higher revenue companies produced a smaller operating margin than the smaller sales group (52.9% vs. 71.2%).
- The average **payroll expense** for Grooming Stores with Retail Supplies was 31.9%, the average occupancy expense was 11.8%, and the average **general and administrative expense** was reported to be 13.9%. These three expense categories combined for an average **total operating expense** of 57.6%.
- After subtracting out cost of goods sold and total operating expenses, Grooming Store with Retail Supplies respondents reported an average of 4.4% **net profit margin** as a percent of total revenues.
- The typical Grooming Store with Retail Supplies reported **sales growth** of 2.2% in 2020 versus 2019 and **forecasted sales growth** of 5.5% for 2021.
- **Inventory turnover** shows how rapidly inventory is moving and is calculated by cost of goods sold divided by average inventory. In any retail industry, this is a metric that should be tracked closely, as having too much inventory on hand can financially limit a company. The typical Grooming Store with Retail Supplies reported inventory turns of 6.1.
- **Asset turnover** tells us how many sales dollars are being generated by each dollar of assets employed in running the business. Overall, Grooming Stores with Retail Supplies reported a median asset turnover of 5.0 for the year.
- **Financial leverage** (total assets divided by net worth) and the **debt to equity ratio** (liabilities divided by net worth) are good indicators of how much a company is financed by debt versus the equity invested by the owners. The typical Grooming Store with Retail Supplies reported a median financial leverage value of 1.1 and a median debt to equity ratio of 0.4. A debt to equity ratio of 1.0 would indicate that owners have an equal stake in the company's assets as outside creditors/ lenders. A low debt to equity ratio typically implies a very stable organization.
- The **current ratio** is a liquidity measure and it indicates a firm's ability to pay short-term debt with funds (assets) currently available. The higher the value, the easier it will be for a company to pay off debt that is coming due. The typical Grooming Store with Retail Supplies reported a current ratio of 1.8.
- The **quick ratio** is another liquidity measure but subtracts inventory from current assets since inventory is not readily convertible to cash. The typical Grooming Store with Retail Supplies respondent reported a quick ratio of 0.7.



CHAPTER 4

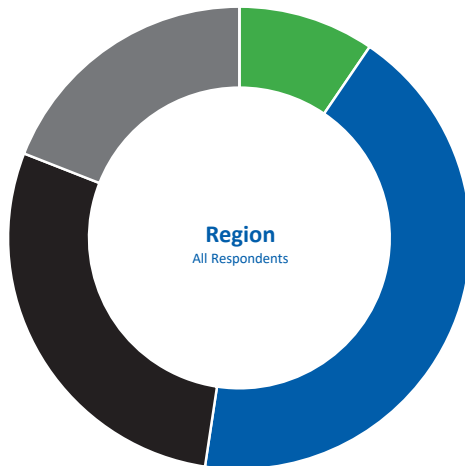
Grooming Stores with Retail Supplies



Executive Summary

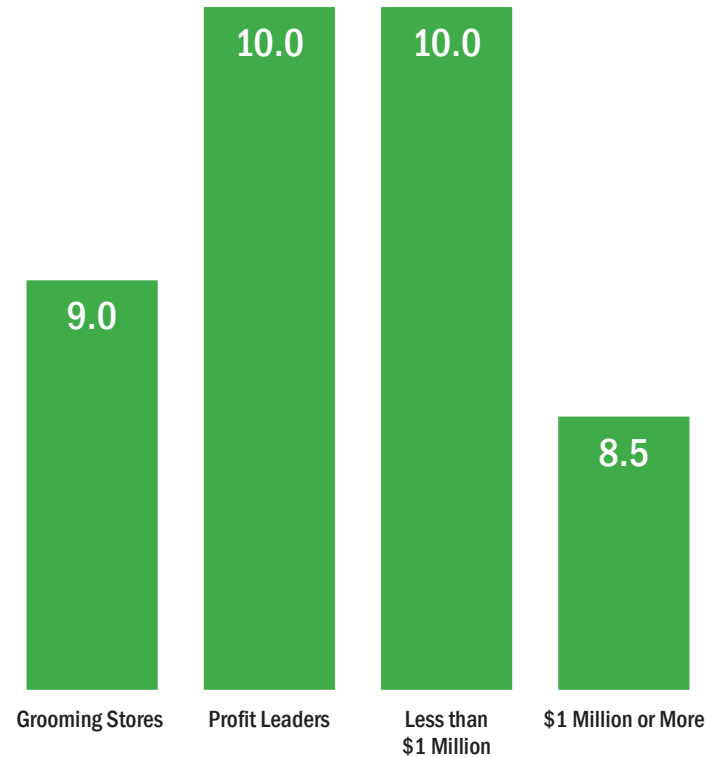


Major Metro Area (over 1 million population) **36.4%**
Moderate size city (100,000 to 1 million) **45.5%**
Small city (25,000 to less than 100,000) **18.2%**



Northeast **9.5%**
Midwest **42.9%**
South **28.6%**
West **19.1%**

Years in Operation



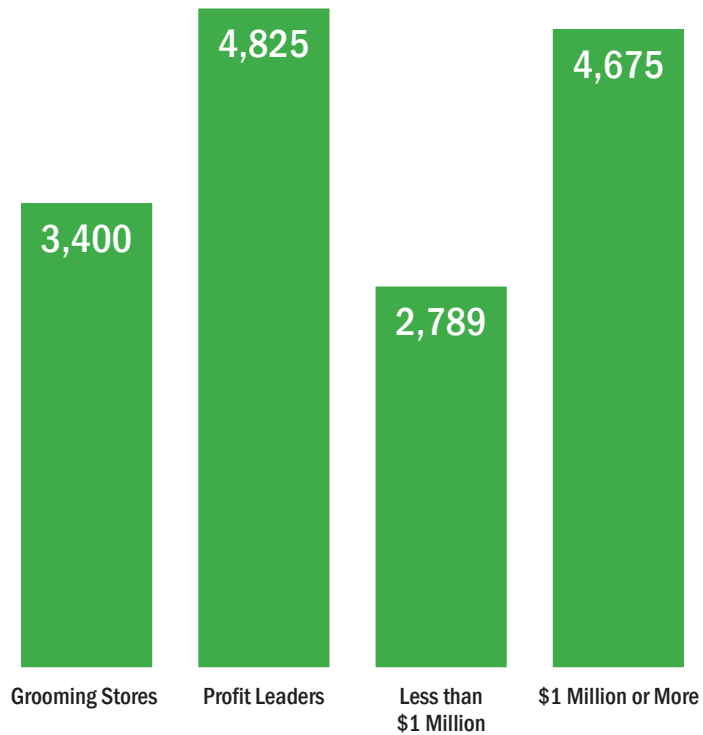


CHAPTER 4

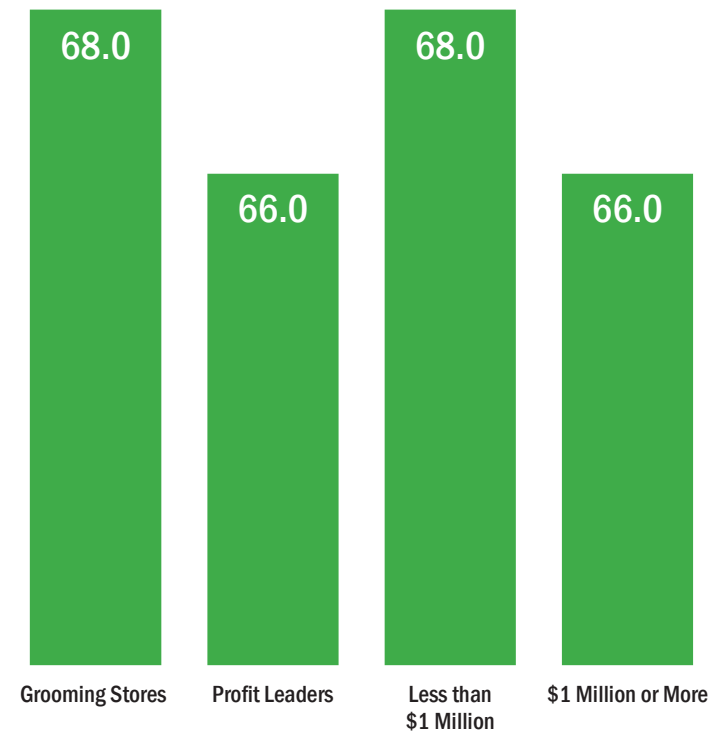
Grooming Stores with Retail Supplies



Total Square Feet Per Store



Weekly Hours of Operation





CHAPTER 4

Grooming Stores with Retail Supplies



Sales and Employee Information



\$577,771

Sales

\$46.49

Sale Price per Transaction



\$112,579

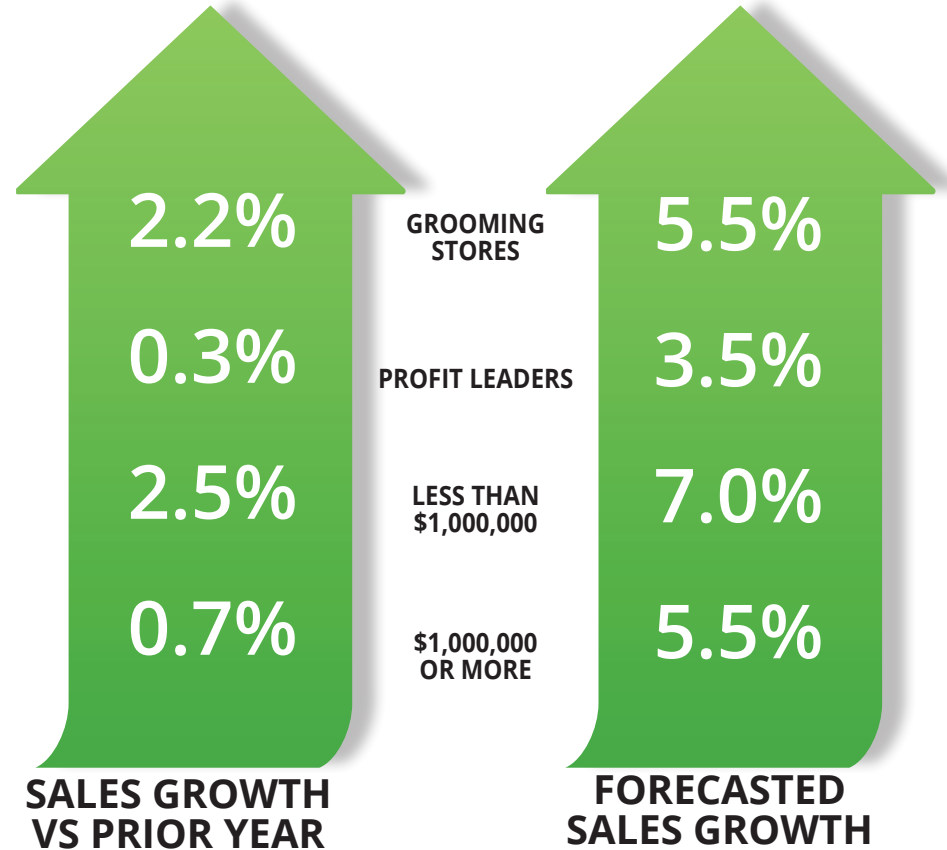
Total Revenues
Per Employee

12.5

Number of
Employees
(in FTEs)

31.9%

Total Payroll as a %
of Total Revenues



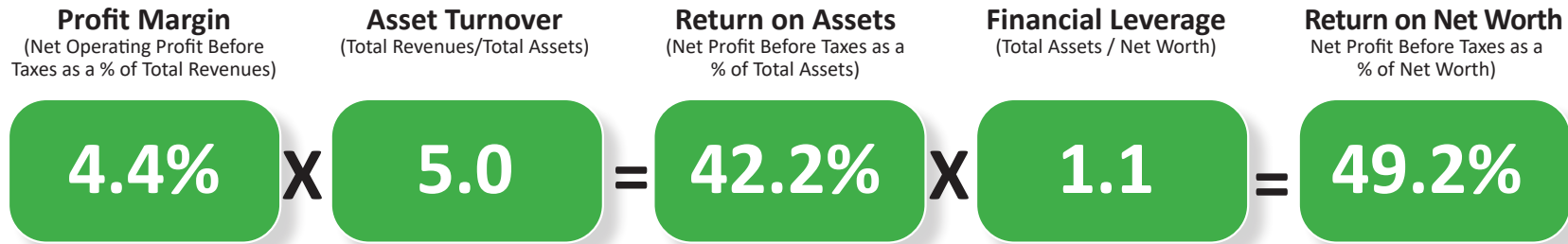


CHAPTER 4

Grooming Stores with Retail Supplies



Overall Key Performance Measures



Operating Margin
(Operating Margin as a % of Total Revenue)



Inventory Turnover
(Cost of Goods Sold/Inventory)



* = Insufficient Data

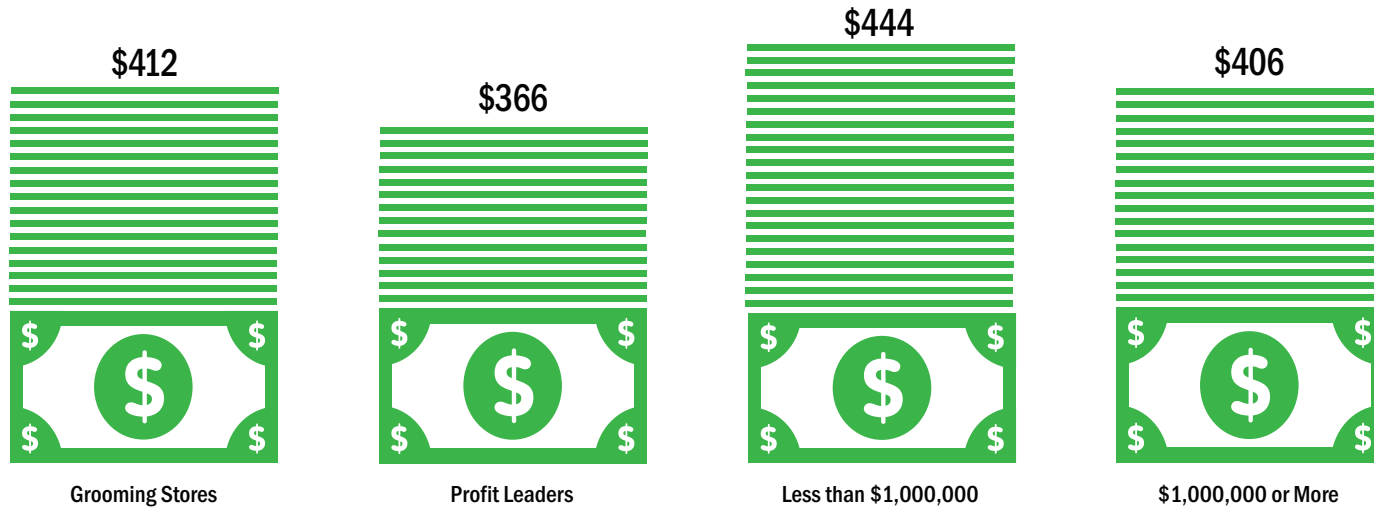


CHAPTER 4

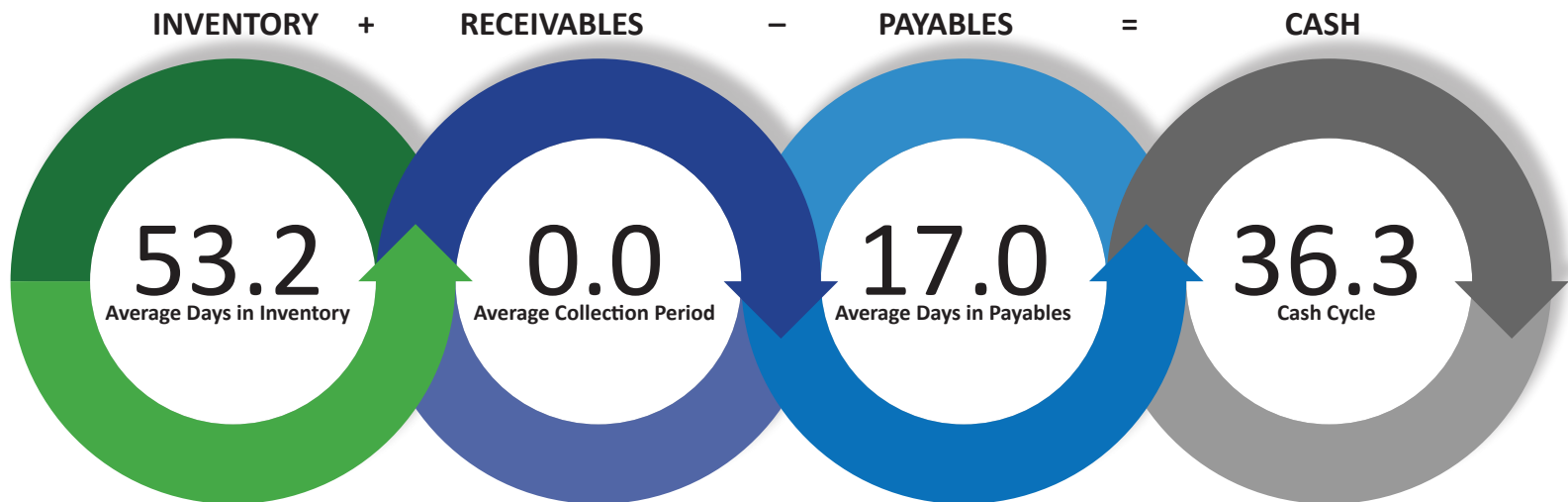
Grooming Stores with Retail Supplies



Total Revenues Per Selling Square Foot



CASH CYCLE





CHAPTER 4

Grooming Stores with Retail Supplies



Multi-year Trend Comparison

Chapter 4 - Grooming Stores with Retail Supplies

	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
OVERALL KEY PERFORMANCE MEASURES							
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	4.0%	10.2%	9.3%	6.3%	6.8%	5.6%	4.4%
Operating Margin (Operating Margin as % of Total Revenues)	89.3%	85.6%	82.3%	77.8%	78.7%	74.8%	62.1%
Asset Turnover (Total Revenues/Total Assets)	6.8	4.8	3.9	3.9	3.7	4.0	5.0
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	13.1%	24.3%	24.3%	6.7%	9.9%	7.3%	42.2%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	40.9%	22.5%	35.0%	35.0%	22.5%	10.8%	49.2%
MANAGEMENT RATIOS							
Inventory Turnover (Cost of Goods Sold/Inventory)	1.0	1.0	1.4	2.5	1.9	3.5	6.1
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	21.1%	21.1%	12.4%	66.5%	29.6%	79.1%	189.9%
Financial Leverage (Total Assets/Net Worth)	1.5	1.4	1.8	2.1	1.6	1.2	1.1
Debt to Equity	0.5	0.6	0.8	1.2	0.4	0.3	0.4
LIQUIDITY MEASURES							
Current Ratio (Current Assets/Current Liabilities)	1.4	1.0	1.1	1.6	1.4	1.5	1.8
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.5	0.2	0.5	0.6	0.6	0.5	0.7
EMPLOYEE PRODUCTIVITY RATIOS							
Total Revenues Per Employee	\$89,155	\$62,391	\$88,677	\$87,917	\$91,487	\$93,620	\$112,579
Total Payroll as a % of Total Revenues	55.5%	44.3%	41.9%	40.5%	40.9%	40.2%	31.9%
SALES PERFORMANCE							
Median Current Year Sales	\$433,809	\$489,292	\$516,479	\$488,685	\$552,048	\$602,737	\$577,771
Average Current Year Sales	\$471,520	\$593,458	\$644,254	\$1,295,574	\$902,321	\$793,606	\$9,607,617
Median Net Sales per Location	\$391,905	\$482,256	\$516,479	\$480,213	\$552,048	\$602,737	\$596,629
Average Net Sales per Location	\$447,603	\$575,044	\$593,453	\$483,195	\$648,704	\$711,884	\$744,722
Sales Growth	3.3%	5.9%	6.1%	8.1%	6.0%	5.0%	2.2%
Forecasted Sales Growth	11.0%	8.0%	8.0%	8.2%	7.0%	2.5%	5.5%



CHAPTER 4 Grooming Stores with Retail Supplies

Multi-year Trend Comparison

Chapter 4 - Grooming Stores with Retail Supplies	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
INCOME STATEMENT (as a % of Total Revenues)							
<i>Revenue and Cost of Goods</i>							
Net Sales of Merchandise	22.2%	31.3%	32.6%	50.5%	38.4%	44.1%	67.1%
Income from Grooming	63.2%	47.8%	46.4%	36.1%	50.7%	51.7%	29.9%
Income from Boarding of All Animals	4.7%	11.1%	11.1%	7.2%	8.2%	3.2%	1.9%
Forgiven PPP Loans	*	*	*	*	*	*	0.7%
All Other Income	9.9%	9.8%	10.0%	6.2%	2.7%	1.0%	0.3%
Total Revenues	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Total Cost of Goods Sold	10.7%	14.5%	17.8%	22.3%	21.3%	25.2%	37.9%
Operating Margin	89.3%	85.6%	82.3%	77.8%	78.7%	74.8%	62.1%
<i>Payroll Expenses</i>							
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	10.4%	11.6%	10.6%	8.2%	7.7%	6.3%	3.2%
Salary, Wages, Bonuses, Commission--All Other Employees	38.4%	27.2%	26.2%	28.4%	28.9%	28.9%	25.3%
Payroll Taxes	5.5%	3.9%	3.5%	2.8%	3.3%	3.6%	2.3%
Employee Benefits Expenses	1.2%	1.5%	1.5%	1.0%	1.0%	1.3%	1.2%
Total Payroll Expenses	55.5%	44.3%	41.9%	40.5%	40.9%	40.2%	31.9%
<i>Occupancy Expenses</i>							
Rent (including common area charges)	11.3%	13.6%	13.9%	11.4%	12.3%	11.5%	9.0%
Repairs and Maintenance	0.9%	0.9%	0.9%	1.8%	1.9%	1.4%	0.8%
Utilities (except Telephone)	2.4%	2.4%	2.3%	2.2%	2.1%	2.0%	2.0%
Total Occupancy Expenses	14.6%	16.9%	17.2%	15.4%	16.3%	14.9%	11.8%



CHAPTER 4

Grooming Stores with Retail Supplies

Multi-year Trend Comparison

Chapter 4 - Grooming Stores with Retail Supplies	FY2014	FY2015	FY2016	FY2017	FY2018	FY2019	FY2020
<i>General & Administrative Expenses</i>							
Professional Services (e.g., accounting, legal, etc.)	1.5%	1.3%	1.3%	1.0%	1.1%	1.1%	0.8%
Advertising and Promotion	2.2%	2.6%	2.7%	2.2%	2.6%	2.1%	1.9%
Insurance (general liability, loss coverage, etc.)	2.1%	1.7%	1.6%	1.5%	1.5%	1.4%	1.1%
Depreciation/Amortization Expense	0.4%	0.4%	0.3%	0.6%	0.4%	0.4%	2.9%
Office Expenses (store/office supplies, computer equipment/software, general postage)	1.9%	1.4%	1.4%	1.8%	2.1%	1.9%	1.1%
Telephone	1.3%	1.1%	1.1%	0.8%	1.0%	0.9%	0.5%
Travel and Entertainment	0.6%	0.9%	0.8%	1.3%	1.4%	1.2%	0.4%
Licenses, Permits and Other Taxes	2.3%	0.6%	0.3%	0.4%	0.4%	0.4%	0.3%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	3.2%	4.4%	4.4%	6.0%	4.3%	4.9%	5.1%
Total General and Administrative Expenses	15.3%	14.2%	13.9%	15.6%	14.8%	14.1%	13.9%
Total Operating Expenses	85.4%	75.3%	73.0%	71.5%	71.9%	69.3%	57.6%
Net Operating Profit	4.0%	10.2%	9.3%	6.3%	6.8%	5.6%	4.4%
Interest Income (Expense)	-0.2%	-0.3%	-0.3%	-0.4%	-0.1%	-0.4%	-0.2%
Other Income (Expense)	-0.1%	0.0%	0.0%	0.1%	0.2%	0.0%	-0.1%
Net Income (or Loss) Before Tax	3.6%	9.9%	8.9%	6.0%	6.9%	5.2%	4.1%



CHAPTER 4 Grooming Stores with Retail Supplies

Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
OVERALL KEY PERFORMANCE MEASURES				
Net Profit Margin (Net Operating Profit Before Taxes as a % of Total Revenues)	4.4%	*	6.7%	2.2%
Operating Margin (Operating Margin as % of Total Revenues)	62.1%	*	71.2%	52.9%
Asset Turnover (Total Revenues/Total Assets)	5.0	*	4.0	5.6
Return on Assets (Net Profit Before Taxes as a % of Total Assets)	42.2%	*	23.6%	69.2%
Return on Net Worth (Net Profit Before Taxes as a % of Net Worth)	49.2%	*	*	*
MANAGEMENT RATIOS				
Inventory Turnover (Cost of Goods Sold/Inventory)	6.1	*	2.8	*
Turn & Earn Profitability Index (Gross Margin % x Inventory Turns)	189.9%	*	54.5%	*
Financial Leverage (Total Assets/Net Worth)	1.1	*	1.0	*
Debt to Equity	0.4	*	0.0	*
CASH CYCLE				
Average Collection Period [365 days / (Sales / Avg Accounts Receivable)]	0.0	*	0.0	0.0
Average Days in Inventory [365 days / (COGS / Avg Inventory)]	53.2	*	129.2	42.5
Average Days in Payables [365 days / (COGS / Avg Accounts Payable)]	0.0	*	0.0	21.7
Cash Cycle (Average Collection Period + Inventory Days - Payable Days)	36.3	*	129.2	0.0
LIQUIDITY MEASURES				
Current Ratio (Current Assets/Current Liabilities)	1.8	*	2.3	*
Quick Ratio (Current Assets Minus Inventory/Current Liabilities)	0.7	*	0.2	*
EMPLOYEE PRODUCTIVITY RATIOS				
Total Revenues Per Employee	\$112,579	\$95,387	\$74,378	\$164,061
Total Payroll as a % of Total Revenues	31.9%	*	34.7%	29.2%
Payroll Per Employee	\$45,483	\$30,891	\$63,039	\$37,446
Operating Margin Per Employee	\$80,030	\$62,911	\$95,228	\$64,651



CHAPTER 4

Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
SALES PERFORMANCE				
Median Current Year Sales	\$577,771	\$665,959	\$350,000	\$1,529,139
Average Current Year Sales	\$9,607,617	\$849,756	\$394,519	\$24,578,901
Median Net Sales per Location	\$596,629	\$665,959	\$344,000	\$1,296,161
Average Net Sales per Location	\$744,722	\$801,662	\$387,559	\$1,280,467
2020 Sales Growth	2.2%	0.3%	2.5%	0.7%
Forecasted 2021 Sales Growth	5.5%	3.5%	7.0%	5.5%
SALES LOCATION BREAKDOWN (as a % of total net sales)				
Mall Shopping Center	0.0%	*	0.0%	0.0%
Freestanding	32.7%	*	0.2%	60.7%
Strip Center	67.3%	*	99.9%	39.3%
Online	0.0%	*	0.0%	0.0%
Total Net Sales	100.0%	*	100.0%	100.0%
SPACE PRODUCTIVITY RATIOS				
<i>ALL STORES:</i>				
Total Square Feet Per Store	3,400	4,825	2,789	4,675
Selling Square Feet Per Store	1,880	1,850	1,500	2,560
Total Revenues Per Selling Square Foot	\$412	\$366	\$444	\$406
Operating Margin Per Selling Square Foot	\$297	\$312	\$408	\$157
<i>SHOPPING CENTERS:</i>				
Total Square Feet Per Store	*	*	*	*
Selling Square Feet Per Store	*	*	*	*
Total Revenue Per Selling Square Foot	*	*	*	*
Operating Margin Per Selling Square Foot	*	*	*	*



CHAPTER 4

Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>FREESTANDING STORES:</i>				
Total Square Feet Per Store	5,750	*	*	5,750
Selling Square Feet Per Store	2,500	*	*	2,510
Total Revenues Per Selling Square Foot	\$672	*	*	\$412
Operating Margin Per Selling Square Foot	\$538	*	*	*
<i>STRIP CENTER:</i>				
Total Square Feet Per Store	2,808	*	2,500	*
Selling Square Feet Per Store	1,600	*	1,500	*
Total Revenues Per Selling Square Foot	\$447	*	\$427	*
Operating Margin Per Selling Square Foot	\$364	*	\$393	*
INCOME STATEMENT (as a % of Total Revenues)				
<i>Revenue and Cost of Goods</i>				
Net Sales of Merchandise	67.1%	*	56.2%	78.0%
Income from Grooming	29.9%	*	38.5%	21.3%
Income from Boarding of All Animals	1.9%	*	3.8%	0.0%
Forgiven PPP Loans	0.7%	*	0.8%	0.6%
All Other Income	0.3%	*	0.7%	0.0%
Total Revenues	100.0%	*	100.0%	100.0%
Total Cost of Goods Sold	37.9%	*	28.8%	47.1%
Operating Margin	62.1%	*	71.2%	52.9%
<i>Payroll Expenses</i>				
Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	3.2%	*	3.2%	3.2%
Salary, Wages, Bonuses, Commission--All Other Employees	25.3%	*	27.6%	22.9%
Payroll Taxes	2.3%	*	2.3%	2.2%
Employee Benefits Expenses	1.2%	*	1.6%	0.9%
Total Payroll Expenses	31.9%	*	34.7%	29.2%



CHAPTER 4 Grooming Stores with Retail Supplies

Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Occupancy Expenses</i>				
Rent (including common area charges)	9.0%	*	8.6%	9.4%
Repairs and Maintenance	0.8%	*	1.1%	0.6%
Utilities (except Telephone)	2.0%	*	2.6%	1.3%
Total Occupancy Expenses	11.8%	*	12.3%	11.3%
<i>General & Administrative Expenses</i>				
Professional Services (e.g., accounting, legal, etc.)	0.8%	*	1.0%	0.7%
Advertising and Promotion	1.9%	*	2.2%	1.6%
Insurance (general liability, loss coverage, etc.)	1.1%	*	1.6%	0.6%
Depreciation/Amortization Expense	2.9%	*	3.6%	2.2%
Office Expenses (store/office supplies, computer equipment/software, general postage)	1.1%	*	1.5%	0.6%
Telephone	0.5%	*	0.5%	0.4%
Travel and Entertainment	0.4%	*	0.6%	0.1%
Licenses, Permits and Other Taxes	0.3%	*	0.5%	0.1%
Other Operating Expenses (auto & delivery, franchise fees, collection expense, dues/subscriptions, etc.)	5.1%	*	6.2%	4.1%
Total General and Administrative Expenses	13.9%	*	17.6%	10.3%
Total Operating Expenses	57.6%	*	64.5%	50.8%
Net Operating Profit	4.4%	*	6.7%	2.2%
Interest Income (Expense)	-0.2%	*	-0.2%	-0.3%
Other Income (Expense)	-0.1%	*	-0.2%	-0.1%
Net Income (or Loss) Before Tax	4.1%	*	6.4%	1.8%



CHAPTER 4 Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
BALANCE SHEET (as a % of Total Assets)				
<i>Assets</i>				
Cash & Equivalent	14.4%	15.3%	16.0%	*
Accounts & Notes Receivable	4.4%	9.2%	0.7%	*
Inventory	27.4%	15.0%	30.6%	*
Other Current Assets	7.4%	15.5%	9.5%	*
Total Current Assets	53.7%	55.0%	56.8%	*
Plant and Equipment (fixed assets) (less accumulated depreciation)	29.7%	24.9%	30.6%	*
Other Assets	16.6%	20.0%	12.5%	*
Total Assets	100.0%	100.0%	100.0%	*
<i>Liabilities & Net Worth</i>				
Accounts Payable	13.7%	14.6%	9.2%	*
Notes Payable	0.4%	0.2%	1.3%	*
Other Current Liabilities	16.3%	18.3%	18.1%	*
Total Current Liabilities	30.5%	33.1%	28.6%	*
Long Term Liabilities	29.6%	38.5%	30.2%	*
Unforgiven PPP Loans	0.9%	0.5%	0.5%	*
Net Worth	39.0%	27.9%	40.7%	*
Total Liabilities & Net Worth	100.0%	100.0%	100.0%	*
RESPONDENT PROFILE				
<i>Typical number of locations</i>				
Median	1.0	1.0	1.0	1.0
Average	8.9	1.2	1.1	21.5



CHAPTER 4 Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Type of business</i>				
Pet Store with Animals	0.0%	0.0%	0.0%	0.0%
Grooming Store w/Retail Supplies	100.0%	100.0%	100.0%	100.0%
Aquarium Store	0.0%	0.0%	0.0%	0.0%
Pet Store Dry Goods Only	0.0%	0.0%	0.0%	0.0%
Online Retailer	0.0%	0.0%	0.0%	0.0%
<i>If you operate a pet store with animals, which animals do you sell?</i>				
Dog	*	*	*	*
Cat	*	*	*	*
Bird	*	*	*	*
Freshwater Fish	*	*	*	*
Saltwater Fish	*	*	*	*
Reptile	*	*	*	*
Small Animal	*	*	*	*
<i>Is your store a franchise operation?</i>				
Yes	0.0%	0.0%	0.0%	0.0%
No	100.0%	100.0%	100.0%	100.0%
<i>Community size of store location(s)</i>				
Major Metro Area (over 1 million population)	36.4%	33.3%	53.9%	12.5%
Moderate size city (100,000 to 1 million)	45.5%	50.0%	46.2%	37.5%
Small city (25,000 to less than 100,000)	18.2%	16.7%	0.0%	50.0%
Town of fewer than 25,000 or rural area	0.0%	0.0%	0.0%	0.0%
<i>Years in operation</i>				
Median	9.0	10.0	10.0	8.5
Average	13.0	11.2	12.8	13.8



CHAPTER 4 Grooming Stores with Retail Supplies

Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Legal form of business</i>				
C-Corp	13.6%	0.0%	15.4%	12.5%
S-Corp	54.6%	66.7%	38.5%	75.0%
Partnership (LLC)	18.2%	33.3%	23.1%	12.5%
Sole proprietorship	9.1%	0.0%	15.4%	0.0%
Other	4.6%	0.0%	7.7%	0.0%
<i>Business premises owned vs leased</i>				
Owned	4.6%	16.7%	0.0%	12.5%
Leased	90.9%	66.7%	92.3%	87.5%
Both Owned and Leased (multiple locations)	0.0%	0.0%	0.0%	0.0%
Other	4.6%	16.7%	7.7%	0.0%
<i>Accounting method</i>				
Cash Basis Accounting	76.2%	100.0%	84.6%	57.1%
Accrual Basis Accounting	23.8%	0.0%	15.4%	42.9%
<i>Did organization receive PPP loan?</i>				
Yes	73.7%	83.3%	60.0%	87.5%
No, did not apply	15.8%	16.7%	30.0%	0.0%
No, applied but was not approved	10.5%	0.0%	10.0%	12.5%
Not sure	0.0%	0.0%	0.0%	0.0%
<i>Weekly hours of operation, per store, in 2020</i>				
Median	68.0	66.0	68.0	66.0
Average	65.2	63.0	61.7	70.3
<i>Total number of company-wide register transactions in 2020</i>				
Median	17,002	21,916	8,282	35,547
Average	239,745	21,818	11,137	598,987



CHAPTER 4 Grooming Stores with Retail Supplies

Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Sale price per register transaction in 2020</i>				
Median	\$46.49	\$45.74	\$55.77	\$43.14
Average	\$60.41	\$44.28	\$70.88	\$43.96
<i>Service offered</i>				
Grooming	95.5%	100.0%	92.3%	100.0%
Training	54.6%	66.7%	53.9%	50.0%
Aquarium Service	0.0%	0.0%	0.0%	0.0%
Wing Clipping	4.6%	0.0%	7.7%	0.0%
Veterinary Care	9.1%	0.0%	0.0%	25.0%
Boarding (Dog/Cat)	22.7%	16.7%	23.1%	12.5%
Boarding (Other)	0.0%	0.0%	0.0%	0.0%
Day Care	27.3%	16.7%	23.1%	25.0%
Nail Trimming	100.0%	100.0%	100.0%	100.0%
Other	31.8%	33.3%	38.5%	12.5%
EMPLOYEE INFORMATION				
<i>Typical Number of Employees for the Year (in FTEs)</i>				
Median	12.5	12.3	7.5	22.5
Average	72.5	14.4	9.0	174.6
<i>Number of Full-Time Employees</i>				
Median	5.0	5.5	4.8	9.0
Average	46.4	5.2	5.0	113.4
<i>Number of Part-Time Employees</i>				
Median	9.0	6.5	3.8	13.3
Average	32.3	9.3	6.0	61.2
<i>Employee Turnover</i>				
All Employees	23.7%	28.0%	20.8%	24.0%
Full-Time Employees	14.2%	11.1%	12.6%	16.3%
Part-Time Employees	27.1%	35.9%	18.6%	29.2%



CHAPTER 4

Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
GIFT CARDS				
<i>Does company sell store gift cards?</i>				
Yes	81.0%	100.0%	76.9%	85.7%
No	19.1%	0.0%	23.1%	14.3%
<i>If store gift cards are sold, Total 2020 Gift Card Sales</i>				
Median	\$725	\$895	\$500	\$10,000
Average	\$20,993	\$969	\$624	\$61,816
<i>If store gift cards are sold, Total 2020 Gift Card Sales as a % of Total Revenues</i>				
Median	0.1%	*	*	*
Average	0.1%	*	*	*
RETAIL SALES MIX				
<i>General Sales Mix</i>				
Pet food	42.0%	34.0%	28.2%	59.9%
Dry Goods	21.1%	23.8%	16.8%	23.5%
Live Animals	0.9%	0.0%	1.4%	0.4%
Other	36.0%	42.2%	53.6%	16.3%
Total	100.0%	100.0%	100.0%	100.0%
<i>Detailed Category Sales Mix</i>				
Aquatics	1.2%	0.9%	1.0%	1.5%
Bird	1.3%	1.1%	1.0%	1.9%
Cat	7.4%	6.2%	3.8%	14.5%
Dog	30.3%	25.0%	15.1%	60.7%
Reptile	1.1%	0.9%	1.0%	1.3%
Small Animals	2.0%	2.3%	1.0%	3.9%
Services	50.7%	62.2%	68.3%	15.6%
Other	6.1%	1.4%	8.8%	0.6%
Total	100.0%	100.0%	100.0%	100.0%



CHAPTER 4 Grooming Stores with Retail Supplies

Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
MARGINS AND TURNOVER				
<i>Pet food</i>				
Initial Margin	35.0%	*	35.0%	35.0%
Realized Margin (or Gross Margin)	28.4%	*	33.0%	28.4%
Inventory Turnover	9.7	*	*	10.0
<i>Dry goods</i>				
Initial Margin	51.0%	*	*	51.0%
Realized Margin (or Gross Margin)	43.5%	*	*	45.0%
Inventory Turnover	4.5	*	*	3.0
<i>Live animals</i>				
Initial Margin	*	*	*	*
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Aquatics (total)</i>				
Initial Margin	50.0%	*	*	50.0%
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Bird (total)</i>				
Initial Margin	48.0%	*	*	48.0%
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Cat (total)</i>				
Initial Margin	41.3%	*	*	43.0%
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*



CHAPTER 4 Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Dog (total)</i>				
Initial Margin	45.8%	*	*	42.6%
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Reptile (total)</i>				
Initial Margin	60.0%	*	*	60.0%
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Small animals (total)</i>				
Initial Margin	54.8%	*	*	54.8%
Realized Margin (or Gross Margin)	*	*	*	*
Inventory Turnover	*	*	*	*
<i>Services (total)</i>				
Initial Margin	60.0%	60.0%	65.0%	50.0%
Realized Margin (or Gross Margin)	56.0%	*	60.0%	*
Inventory Turnover	*	*	*	*
EMPLOYEE BENEFITS				
<i>Were the Following Benefits Offered in 2020?</i>				
Medical				
Yes	36.8%	33.3%	36.4%	37.5%
No	63.2%	66.7%	63.6%	62.5%
Dental				
Yes	26.3%	16.7%	27.3%	25.0%
No	73.7%	83.3%	72.7%	75.0%
401k Match				
Yes	5.3%	0.0%	0.0%	12.5%
No	94.7%	100.0%	100.0%	87.5%



CHAPTER 4

Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
Vacation Days				
Yes	52.6%	50.0%	36.4%	75.0%
No	47.4%	50.0%	63.6%	25.0%
Cost Per Participating Employee				
Medical	\$4,860	*	*	*
Dental	*	*	*	*
401k Match	*	*	*	*
Vacation Days	\$1,744	*	*	*
ADVERTISING/MARKETING				
<i>Marketing budget (as a percent of total revenue) in each of the following years:</i>				
2019	4.1%	5.5%	5.0%	3.5%
2020	2.9%	3.5%	2.9%	2.4%
Anticipated 2021	3.0%	3.5%	4.0%	3.0%
<i>Does company engage in the following advertising/marketing activities?</i>				
Broadcast TV Advertising	0.0%	0.0%	0.0%	0.0%
Cable TV Advertising	5.0%	0.0%	0.0%	12.5%
Radio Advertising	20.0%	33.3%	8.3%	37.5%
Co-Op Advertising with your supplier/manufacturer	25.0%	16.7%	33.3%	12.5%
Newspaper Advertising/Magazine Advertising	65.0%	83.3%	50.0%	87.5%
Non-Reimbursed Coupon Expense	40.0%	33.3%	33.3%	50.0%
Website/online advertisements	85.0%	66.7%	83.3%	87.5%
Email Blasts	65.0%	83.3%	66.7%	62.5%
In-Store/Community Events	50.0%	33.3%	33.3%	75.0%
Other	0.0%	0.0%	0.0%	0.0%



CHAPTER 4

Grooming Stores with Retail Supplies



Detailed Information

Chapter 4 - Grooming Stores with Retail Supplies	Net Sales			
	Grooming Stores	Profit Leaders	Less than \$1 Million	\$1 Million or More
<i>Percentage of advertising/marketing budget spent:</i>				
In-house	62.7%	*	78.1%	45.0%
Outsourced	37.3%	*	21.9%	55.0%
Total	100.0%	*	100.0%	100.0%
<i>Does company allow ordering through own website?</i>				
Yes	31.6%	16.7%	27.3%	37.5%
No	68.4%	83.3%	72.7%	62.5%
<i>If yes, percent of 2020 sales that were made through own website</i>				
Median	2.0%	*	*	*
Average	2.4%	*	*	*
<i>If company does not conduct sales through own website, is company planning to?</i>				
Yes, in 1-12 months	33.3%	40.0%	12.5%	57.1%
Yes, in 13-24 months	20.0%	20.0%	25.0%	14.3%
Yes, in more than 24 months	13.3%	0.0%	25.0%	0.0%
No	33.3%	40.0%	37.5%	28.6%



Appendix

Survey Methodology and Demographics

In late March 2021, an email was sent to pet retailers with a link to a strictly confidential online questionnaire. The primary intent of this survey was to collect detailed financial, operating and sales information from members by the group of participants as a whole, the type of business operated, and subsets within each type of business (by sales volume and profitability).

Once the questionnaires were submitted to Industry Insights, a confidential company identification code was assigned to each company. The data was then coded, entered into a proprietary system and edited by Industry Insights’ financial analysts for accuracy and consistency. Computer processing was performed on all data to ensure statistical validity and to produce the financial and operating ratios contained in this study.

In all, 129 companies, representing 534 retail locations, submitted their surveys to Industry Insights. In particular, the statistical sample consists of the following:

	<u>Number of Companies</u>
All Respondents	129
All Pet Stores with Animals	38
Net Sales: Less than \$1 Million	14
Net Sales: \$1 Million or More	22
All Pet Stores – Dry Goods Only	55
Net Sales: Less than \$1 Million	19
Net Sales: \$1 Million or More	34
All Grooming Stores with Retail Supplies	22
Net Sales: Less than \$1 Million	13
Net Sales: \$1 Million or More	8
All “Other” Stores Respondents	3

The statistical information contained in this report is believed to be representative of the companies responding to the survey. All reasonable efforts were taken by Industry Insights, Inc. to assure data comparability within the limitations of accounting reporting procedures. However, the data used in this report are not necessarily based on audited financial statements and the statistical validity of any given number varies depending upon sample sizes and the amount of consistency among responses for that particular ratio. Industry Insights, WPA, and Pet Store Pro therefore, make no representations or warranties with respect to the results of this study and shall not be liable to clients or anyone else for any information inaccuracies, or errors or omissions in contents, regardless of the cause of such inaccuracy, error or omission. In no event shall Industry Insights and/or WPA and/or Pet Store Pro be liable for any consequential damages.



Appendix

Key Ratio Definitions

The primary purpose of this World Pet Association Retail Operating Performance Report is to provide a basis for comparing your own performance with your peers. In order to do this, it is necessary to calculate your own ratios using the same methods that were used to compute the ratios in this report. These definitions appear on the pages that follow.

To further clarify the computational process, this section of the report also contains a copy of the survey survey used for the study.

Note: Those companies that participated in this year's survey automatically received a confidential individualized "Company Performance Report." This report presents a participant's own ratios and data already computed in a manner consistent with those appearing in the full report, which are displayed alongside the appropriate comparatives. As a result, participating firms received invaluable information about their own business performance without having to spend time and effort to make the calculations manually.

Performance Measure	Method of Computation
OVERALL PERFORMANCE MEASURES	
Profit Margin	Profit Before Taxes ÷ Total Revenues
Operating Margin as a % of Total Revenues	Operating Margin ÷ Total Revenues
Asset Turnover	Total Revenues ÷ Total Assets
Return on Assets	Profit Before Taxes ÷ Total Assets
Return on Net Worth	Profit Before Taxes ÷ Net Worth
MANAGEMENT RATIOS	
Inventory Turnover	Cost of Goods Sold ÷ Inventory
Turn & Earn Profitability Index	Gross Margin % x Inventory Turns
Financial Leverage	Total Assets ÷ Net Worth
Debt to Equity	Total Liabilities ÷ Net Worth
CASH CYCLE	
Average Collection Period (Days)	Accounts Receivable ÷ (Net Sales ÷ 365 Days)
Average Days in Inventory	Accounts Inventory ÷ (Cost of Goods Sold ÷ 365 Days)
Accounts Payable Payout Days	Accounts Payable ÷ (Cost of Goods Sold ÷ 365 Days)
Cash Cycle	Average Collection Period + Inventory Days - Payable Days
EMPLOYEE PRODUCTIVITY RATIOS	
Sales per Employee	Total Revenues ÷ Full-Time Equivalent Employees (FT employees were counted as 1.0 and PT employees were counted as 0.5)
Payroll Expense as a % of Total Revenues	Total Payroll Expense (incl. Fringe Benefits and Payroll Taxes) ÷ Total Revenues
LIQUIDITY MEASURES	
Current Ratio	Current Assets ÷ Current Liabilities
Quick Ratio	(Current Assets - Inventory) ÷ Current Liabilities
SALES PERFORMANCE	
Percent Change in Overall Sales from Prior Year	(Total Revenues - Previous Year's Sales) ÷ Previous Year's Sales



Appendix

Understanding the Metrics

Overall Performance Ratio Analysis

The “Overall Performance Measures” included in this report provide key ratios for comparing a company’s performance to reported norms in each of three areas: profitability, productivity, and financial management. In using this report, it is important to prioritize time and effort by starting with the Overall Performance Measures. As discrepancies are identified between a company’s performance measures and the reported norms, further investigation will be needed as to the reasons for these discrepancies.

Profitability

While there are several ways to look at profitability, the most useful are those that compare profits to some other quantity. Perhaps the most frequently cited is net operating profit, or net profit as a percent of sales or total revenue. This ratio measures the difference between a company’s total and what it spends over a period of time. It is highly dependent upon a company’s pricing policy, and expense control. If gross margin (Net Sales minus Cost of Goods Sold) increases or expenses decrease as a percent of revenues, net operating profit will rise. Some companies prefer to use profit before income taxes, since income tax in small business is often influenced by factors other than those involved in running the business. No matter which you prefer to use, net operating profit is a good overall measure of how well gross margin and expenses are being controlled.

Perhaps the best measure of overall profitability is return on investment (ROI). The two most important measures of ROI are return on assets and return on net worth. Return on assets is defined as either annual 1) profit after tax, 2) profit before tax, or 3) profit before tax and interest divided by end-of-year total assets. It is an excellent indicator of the percentage return on total assets employed in the business. As is the case with net operating profit, using profit before tax is a good idea. In addition, profit before taxes and interest divided by total assets is an even more “pure” look at the operational efficiency of the business because the amount of interest paid depends on the amount of debt the business needs or wishes to incur. This is a matter of financial policy and is not directly related to the operational efficiency of the business.

While return on assets measures ROI from a business management standpoint, return on net worth is the best measure of return to the owners of the business. It is defined as profit before or after tax to net worth. Return on net worth is the percentage return to the owners compared to the amount that they have invested in the business.

Productivity

Productivity is simply the output produced compared with input expended. As a rule, the more output produced per labor hour, employee, dollar investment, or whatever the input, the more profitable a company can be. Retailers need to always strive to improve the productivity of their principal assets--inventory, and personnel. However, in order to improve productivity, you first have to measure it.

Inventory productivity is best measured by inventory turnover, defined as the cost of goods sold divided by average inventory. This ratio shows how rapidly inventory is moving. Inventory turnover is expressed as “annual turns.”

Personnel productivity can be measured in numerous ways. The easiest and most commonly used methods are:

Total Revenues per Employee—a good overall measure, but subject to distortion by inflation. Always use full-time equivalents for employee counts.

Payroll Expense as a percent of Total Revenues—complements the previous measure by adding the dimension of compensation levels instead of just number of employees. It is not distorted by inflation.

Asset turnover—(net sales divided by total assets) presents a good overall indicator of total company productivity. The ratio tells us how many sales dollars are being generated by each dollar of assets employed in running the business.



Appendix

Financial Management

There are two financial management issues that should be of primary importance to all precast businesses-- liquidity and leverage.

Liquidity represents the short-term financial strength of the company. It is your ability to meet short-term obligations out of currently available funds. Two liquidity measures are commonly used.

Current Ratio (current assets divided by current liabilities)—This measures the extent to which fairly liquid assets (all current assets) exceeds current debt.

Quick (acid-test) Ratio (current assets less inventory divided by current liabilities)—This ratio eliminates inventory from the numerator because it is not extremely liquid, and compares the result to current debt. Therefore, the quick ratio is often considerably lower than the current ratio.

Leverage is merely the extent to which a company is financed by debt as opposed to the owners' funds. It is the amount of liabilities in relation to the amount of net worth on the right hand side of the balance sheet. The most significant ratio of overall company leverage is Total Assets to Net Worth. The higher this ratio is, the higher the leverage. Debt to Equity (Total Liabilities divided by Net Worth) is another common measure of company leverage used within this report.

Improving Performance Based on the Overall Performance Measures

It is important to remember that while the key performance measures are excellent “yardsticks” for gauging the success of your business, they must be understood, not just applied blindly. For instance, if the profitability of your facility is far below the reported norm, it is important to know why. Is your business really suffering or is your profitability artificially low because you are paying high salaries? With this warning in mind, let us examine some of the key performance measures and some possible actions that can be taken if you deviate significantly from the reported average. The following are only guidelines for action and should not be considered to be specific recommendations.



Appendix

Profitability

Net Operating Profit

- Too Low Further investigation is warranted. Check to see if cost of sales is too high. If so, check costs by product type. Check all expense categories to see which need better control.
- Too High It is difficult to imagine a situation where this presents a problem, but you should know why the net profit margin is so high.

Return on Assets

- Too Low Either revenues or net profit before taxes is too low to support your asset structure. Examination of net profit before taxes value and asset turnover will tell which.
- Too High No problem as a rule. You are effectively managing your business.

Return on Net Worth

- Too Low If return on assets is sufficient, you may have more of your funds invested in the business than necessary (see Leverage).
- Too High This is a very good situation unless the degree of leverage is too high.

Productivity

Personnel Productivity

- Too Low Low personnel productivity during normal business conditions may indicate the business is too “people heavy.” Consider decreasing staff size or generating more volume from existing personnel.
- Too High No problem as a rule. May be artificially high if many functions are performed by outsiders not on the payroll.

Inventory Productivity

- Too Low This could indicate either a lack of volume or an overstocked condition. Investigate by product type.
- Too High Excessively high inventory productivity generally means too little inventory is available and may result in shortages.

Average Collection Period

- Too Low Usually is preferred, unless credit policies are too restrictive and thus result in lost sales.
- Too High May mean a poorly organized and managed receivables management system.

Total Asset Productivity

- Too Low Low asset turnover can signal a need for more attention to the productivity of the areas previously described.
- Too High Asset turnover, which is significantly in excess of the reported norm, might be caused by the absence of owned fixed assets or the lack of any significant amount of receivables. Check your percentage balance sheet with the composite for your sales volume category.

Financial Management

Liquidity

- Too Low If current and quick ratios are too low, it is possible you are operating with insufficient liquid capital. This can be dangerous if business takes a turn for the worse or a loan payment becomes due unexpectedly. Liquidity can be increased by using more long-term financing and/or by leaving more profits in the business.
- Too High If liquidity is exceptionally high, it is possibly a sign of excess inventories and receivables. Check productivity ratios for these items. Otherwise, this is no reason for concern.

Leverage

- Too Low You have excess capacity for debt should it become necessary to borrow. Although some owners do not like borrowing any more than absolutely necessary, additional debt will increase overall profitability as long as the business can earn a before tax return which exceeds the borrowing rate.
- Too High This will severely curtail your ability to attract new borrowed funds. In addition, interest charges could be strongly affecting profitability. Try to retain more profits in the business or attract new sources of equity if you wish to lower leverage.



Appendix

Survey Questionnaire



CONFIDENTIAL CONFIDENTIAL CONFIDENTIAL



2021 World Pet Association Retail Operating Performance Survey



DEADLINE FOR SUBMITTING FORM: APRIL 30, 2021

The World Pet Association is proud to announce the launch of the *WPA Retail Operating Performance Survey* (of 2020 results). This report promises to be the most timely and comprehensive profile of peer performance available. Every company that participates in the survey will receive a FREE copy of the final Industry Report (available WPA Member and Pet Store Pro users - \$295, WPA Non-Member - \$495, Non-Retail - \$995.), providing financial benchmarks against which you can compare the operations and practices of your company against the industry norms.

All responding companies will also receive an individual, confidential **Company Performance Report (CPR)** that will compare your company's performance against other retailers of a similar size and location. This individual report will contain a **"Report Card"** which will essentially grade your company versus the industry for several key ratios --- allowing you to easily identify your company's strengths and weaknesses.

Additionally, all participants will be given access to an interactive **Online Reporting Tools**. This online program which contains interactive graphs also allows participants to "dig deeper" into the data. Not only will users be able to create data cuts of those aggregates in the report (All Respondents, Profitability, Revenue, Geographic Region, Square Footage, etc.), they will also be able to use them in conjunction with each other (e.g. a filter can be created of all respondents in the Pacific region, who have \$1-\$2 Million in Revenue and indicated they have less than 1,000 sq. ft.). **This valuable benefit, will only be given free of charge to those who participate.**

General Information

- To complete the survey online with a save and return feature, please go to www.WPAsurvey.com.
- If you cannot fill out every line, provide as much information as possible. It is OK to leave blanks. However, keep in mind that the more you are able to fill out, the more information you will get back about your own company. You may provide estimates if necessary.
- Enter figures from your completed year that ended nearest to December 31, 2020. While full-year data is required, you do not necessarily need to wait for audited/adjusted results from your accountant.
- Please report round numbers only; show dollar figures without pennies.
- If you need assistance**, call Michael Becher, CPA, Vice President of Industry Insights at 614/389-2100 ext. 114 or e-mail him at mbecher@industryinsights.com, or if you prefer, complete what you can and forward your financial statements to Industry Insights. They will fill out the rest of the form for you, to the extent possible.
- Individual company responses will not be shared with WPA or anyone outside of Industry Insights. All responses will be kept in strictest confidence by Industry Insights, Inc.
- Return this survey to:** Industry Insights, Inc., PO Box 4330, Dublin, Ohio 43016 or by FAX to 614/389-3816

Your data will be treated in the strictest confidence by Industry Insights, Inc., an outside, third party company that specializes in such studies. However, please fill out the information below, so that Industry Insights will be able to distribute the full industry-wide report, individual company performance report, and credentials for the online tools directly to you.

Please type or print clearly.

Contact Name: _____ Title: _____

Email: _____ Phone: (_____) _____

Company Name: _____ Suite/Floor: _____

Address: _____

City: _____ State/Province: _____ Zip/postal code: _____

Company Information					
Please indicate the association/service to which you belong? (check all) <input type="checkbox"/> WPA <input type="checkbox"/> Pet Store Pro User					
1. How many locations are you reporting for? <i>*You may submit either one location or aggregate (if reporting for more than one location) or multiple locations on this survey form. If you submit one form per location you will receive an individual company performance report for each submitted questionnaire.</i>	#	1			
2. Indicate type of business that most closely matches your operation? (Check only one) 02-1 <input type="checkbox"/> Pet Store with Animals (Check all animals that apply) 03 <input type="checkbox"/> Dog 05 <input type="checkbox"/> Bird 07 <input type="checkbox"/> Saltwater Fish 09 <input type="checkbox"/> Small Animal 04 <input type="checkbox"/> Cat 06 <input type="checkbox"/> Freshwater Fish 08 <input type="checkbox"/> Reptile 2 <input type="checkbox"/> Grooming Store w/Retail Supplies 3 <input type="checkbox"/> Aquarium Store 4 <input type="checkbox"/> Pet Store Dry Goods Only 5 <input type="checkbox"/> Online Retailer					
3. Is your store a franchise operation?	<input type="checkbox"/> Yes <input type="checkbox"/> No	10			
4. What size community do you serve (if multiple locations, what is the average size)? (Check only one) 11-1 <input type="checkbox"/> Major Metro Area (over 1 million population) 3 <input type="checkbox"/> Small city (25,000 to less than 100,000) 2 <input type="checkbox"/> Moderate size city (100,000 to 1 million) 4 <input type="checkbox"/> Town of fewer than 25,000 or rural area					
5. How many years has your business been in operation?	_____ years	12			
6. In what state(s) is your store located?	_____	13			
7. What is your legal form of business? 14-1 <input type="checkbox"/> C-Corp 2 <input type="checkbox"/> S-Corp 3 <input type="checkbox"/> Partnership(LLC) 4 <input type="checkbox"/> Sole proprietorship 5 <input type="checkbox"/> Other _____					
8. Is your business premises owned or leased? 15-1 <input type="checkbox"/> Owned 2 <input type="checkbox"/> Leased 3 <input type="checkbox"/> Both Owned and Leased (multiple locations) 4 <input type="checkbox"/> Other _____					
9. Does your company use Accrual Basis Accounting or Cash Basis Accounting? 16-1 <input type="checkbox"/> Cash Basis 2 <input type="checkbox"/> Accrual Basis					
10. Weekly hours of operation, per store, in 2020 (i.e., if you were open 5 days a week for 8 hours a day, input 40)	#	17			
11. Total number of company-wide register transactions in 2020	#	18			
12. Current year (i.e. 2020) net sales	\$	19			
13. Prior year (i.e. 2019) net sales	\$	20			
14. Forecasted 2021 total company sales growth (i.e., your expected total 2021 sales volume change over 2020). Use a "-" for an expected decline.	%	21			
15. Did your organization receive funds for a loan through the Paycheck Protection Program (PPP)? 260-1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No, did not apply 3 <input type="checkbox"/> No, applied but was not approved 4 <input type="checkbox"/> Not sure					
16. Which of the following services does your store offer (if multiple locations, check if any store provides the service)? 22 <input type="checkbox"/> Grooming 26 <input type="checkbox"/> Veterinary Care 29 <input type="checkbox"/> Day Care 23 <input type="checkbox"/> Training 27 <input type="checkbox"/> Boarding (Dog/Cat) 30 <input type="checkbox"/> Nail Trimming 24 <input type="checkbox"/> Aquarium Service 28 <input type="checkbox"/> Boarding (other) 31 <input type="checkbox"/> Other _____ 25 <input type="checkbox"/> Wing Clipping					
17. Indicate below the number of stores you operate, the number of square feet used, and annual sales by location.					
	Mall Shopping Center	Freestanding	Strip Center	Online	TOTAL All Stores
Number of Stores	32	33	34		36
Total Square Feet	37	38	39		41
Square Feet of Selling Space	42	43	44		46
Net Sales	47	48	49	50	51
	All Employees	Full-Time Employees	Part-Time Employees		
18. Number of employees as of 1/1/2020	#	52	#	53	#
19. Number of employees as of 12/31/2020	#	55	#	56	#
20. Number of terminations (voluntary and involuntary) in 2020	#	58	#	59	#



Appendix

Survey Questionnaire

21. Does your company sell store gift cards? If you sell store gift cards, what was the amount sold in 2020?		<input type="checkbox"/> Yes <input type="checkbox"/> No	61
		\$	62
22. Approximately what percentage (or actual dollar volume) of your total 2020 retail sales is related to the following categories:	Pet food	%	63
	Dry Goods	%	64
	Live Animals	%	65
	Other	%	66
	Total	100%	
IF YOU HAVE GREATER DETAIL, PLEASE ALSO USE THE FOLLOWING LIST:			
Aquatics total (fish: dry goods, aquariums & kits, food)		%	70
Bird total (bird: dry goods, food)		%	73
Cat total (cat: dry goods, collars, leads, flea & tick, food, litter)		%	80
Dog total (dog: dry goods, collars, leads, flea & tick, food, treats)		%	87
Reptile total (reptile: dry goods, food)		%	98
Small animals total (small animal: dry goods, food)		%	101
Services (grooming, training, day care, boarding, trimming, etc.)		%	111
Other _____		%	116
Total		100%	
Margins and Turnover			
23. Please indicate your estimated "initial" and "realized" overall margin experience for each of the following categories. For example, if you buy an item at a cost of \$10 and initially price it to sell for \$20, this would be an <i>initial margin</i> of 50% (i.e., \$20 original price minus \$10 merchandise cost equals \$10, which is 50.0% of the \$20 price). If, however, after pricing markdowns, employee discounts, and shortages have been taken into account (i.e., shrinkage) the effective sales price is \$18, then the <i>realized margin</i> would be 44.4% (i.e., \$18 sales price minus \$10 merchandise cost equals \$8, which is 44.4% of the \$18 actually received for the merchandise sold).			
	Initial Margin	Realized Margin (or Gross Margin)	Inventory Turnover (Cost of goods sold ÷ Average inventory)
Pet Food	_____ %	_____ %	_____ times
Dry Goods	123 _____ %	136 _____ %	149 _____ times
Live Animals	124 _____ %	137 _____ %	150 _____ times
Aquatics (total)	125 _____ %	138 _____ %	151 _____ times
Bird (total)	126 _____ %	139 _____ %	152 _____ times
Cat (total)	127 _____ %	140 _____ %	153 _____ times
Dog (total)	128 _____ %	141 _____ %	154 _____ times
Reptile (total)	129 _____ %	142 _____ %	155 _____ times
Small Animals (total)	130 _____ %	143 _____ %	156 _____ times
Services (total)	131 _____ %	144 _____ %	157 _____ times
	132 _____ %	145 _____ %	158 _____ times
Financial Information			
24. Average monthly (or quarterly) total assets for the year 2020 <i>To arrive at this figure, please add ending assets figures for all 12 months, then divide by 12 – or add ending assets figures for each quarter, then divide by 4.</i>	\$		117
25. Average monthly (or quarterly) inventory for the year 2020 <i>To arrive at this figure, please add ending inventory figures for all 12 months, then divide by 12 – or add ending inventory figures for each quarter, then divide by 4.</i>	\$		118
26. Average monthly (or quarterly) accounts receivable for the year 2020 <i>To arrive at this figure, please add ending A/R figures for all 12 months, then divide by 12 – or add ending A/R figures for each quarter, then divide by 4.</i>	\$		252
27. Average monthly (or quarterly) accounts payable for the year 2020 <i>To arrive at this figure, please add ending A/P figures for all 12 months, then divide by 12 – or add ending A/P figures for each quarter, then divide by 4.</i>	\$		119
28. What percent of 2020 sales came from credit card/debit card transactions	%		120

Employee Benefits			
	Did Company Provide in 2020?	Participating Employees	Cost in 2020
29. Medical Benefits	<input type="checkbox"/> Yes <input type="checkbox"/> No	162 #	166 \$
30. Dental Benefits	<input type="checkbox"/> Yes <input type="checkbox"/> No	163 #	167 \$
31. 401k Match	<input type="checkbox"/> Yes <input type="checkbox"/> No	164 #	168 \$
32. Vacation Days	<input type="checkbox"/> Yes <input type="checkbox"/> No	165 #	169 \$
Advertising/Marketing			
33. What was your company's marketing budget (as a percent of total net sales) in each of the following years?	2019		% 174
	2020		% 175
	Anticipated 2021		% 176
34. Does your company engage in the following Advertising/ Marketing Activities? (Check all that apply)			
177 <input type="checkbox"/> Broadcast TV Advertising	181 <input type="checkbox"/> Newspaper/Magazine Advertising	184 <input type="checkbox"/> Email Blasts	
178 <input type="checkbox"/> Cable TV Advertising	182 <input type="checkbox"/> Non-Reimbursed Coupon Expense	185 <input type="checkbox"/> In-store/Community Events	
179 <input type="checkbox"/> Radio Advertising	183 <input type="checkbox"/> Website/online advertisements	186 <input type="checkbox"/> Other _____	
180 <input type="checkbox"/> Co-Op Advertising with your supplier/manufacturer			
35. Percentage of Advertising/Marketing budget that is spent:	In-house		% 187
	Outsourced		% 188
	Total		100%
36. Does your company allow ordering through your own website? If yes, percent of 2020 sales that were made through your website	<input type="checkbox"/> Yes <input type="checkbox"/> No		189
37. If you don't conduct sales through your website, are you planning to?			% 190
191-1 <input type="checkbox"/> Yes, in 1-12 months	2 <input type="checkbox"/> Yes, in 13-24 months	3 <input type="checkbox"/> Yes, in more than 24 months	4 <input type="checkbox"/> No

IMPORTANT

The information below is requested in order to compute the various financial ratios and industry comparative data for the industry report as well as your personalized *Company Performance Report*. It is important that this information is provided to produce the most complete and accurate data possible. No one outside Industry Insights will ever have access to your data. All responses are kept strictly confidential.



If you would prefer, Industry Insights' Financial Analysts will transfer your company's financial statements to this survey for you, to the extent possible. Simply enclose a copy of your most recent financial statements (Income Statement / Balance Sheet only) along with your completed form to this point. Otherwise, please proceed.

Line #	BALANCE SHEET (FISCAL YEAR 2020)	Amount
ASSETS:		
1.	Cash & Equivalent	\$ 195
2.	Accounts & Notes Receivable	\$ 196
3.	Inventory	\$ 197
4.	Other Current Assets	\$ 198
5.	Total Current Assets (Sum of Lines 1 thru 4)	\$ 199
6.	Plant and Equipment (fixed assets) (less accumulated depreciation)	\$ 200
7.	Other Assets	\$ 201
8.	Total Assets (Sum of Lines 5 thru 7)	\$ 202
LIABILITIES & NET WORTH:		
9.	Accounts Payable	\$ 203
10.	Notes Payable	\$ 204
11.	Other Current Liabilities	\$ 205
12.	Total Current Liabilities (Sum of Lines 9 thru 11)	\$ 206
13.	Long Term Liabilities	\$ 207
14.	Unforgiven PPP Loans	\$ 261
15.	Net Worth	\$ 208
16.	Total Liabilities & Net Worth (Line 12 thru 15)	\$ 209



Appendix

Survey Questionnaire

IF YOU DON'T HAVE YOUR NUMBERS BROKEN OUT BY CATEGORY, PLEASE ENTER TOTALS
(e.g. Total Payroll, Total Occupancy Expenses, etc.)

Line #	INCOME STATEMENT (FISCAL YEAR 2020)	Amount
REVENUE AND COST OF GOODS:		
17.	Gross Sales of Merchandise	\$ 210
18.	Credit Card Discounts (fees)	\$ 211
19.	Returns, Allowances, and all other reductions from gross to net sales	\$ 212
20.	Net Sales of Merchandise (Line 17 minus lines 18 through 19)	\$ 213
21.	Total Cost of Goods Sold	\$ 214
22.	Gross Margin (Line 20 minus Line 21)	\$ 215
OTHER INCOME:		
23.	Net Income from Grooming (grooming revenue minus grooming expenses)	\$ 216
24.	Net Income from Boarding of All Animals (boarding rev. minus boarding specific exp.)	\$ 221
25.	Forgiven PPP Loans	\$ 262
26.	All Other Income	\$ 225
27.	Total Other Income (Sum of Lines 23 through 26)	\$ 226
28.	Operating Margin (Line 22 plus Line 27)	\$ 227
PAYROLL EXPENSES:		
29.	Salary, Wages, Bonuses, Commission--Owners, Partners, Officers	\$ 228
30.	Salary, Wages, Bonuses, Commission--All Other Employees	\$ 229
31.	Payroll Taxes	\$ 230
32.	Employee Benefits Expenses	\$ 231
33.	Total Payroll Expenses (Sum of Lines 29 through 32)	\$ 232
OCCUPANCY EXPENSES:		
34.	Rent (including common area charges)	\$ 233
35.	Repairs and Maintenance	\$ 234
36.	Utilities (except Telephone)	\$ 235
37.	Total Occupancy Expenses (Sum of Lines 34 through 36)	\$ 236
GENERAL AND ADMINISTRATIVE EXPENSES:		
38.	Professional Services (e.g., accounting, legal, etc.)	\$ 237
39.	Advertising and Promotion	\$ 238
40.	Insurance (general liability, loss coverage, etc.)	\$ 239
41.	Depreciation/Amortization Expense	\$ 240
42.	Office Expenses (store/office supplies, computer equipment/software, general postage)	\$ 241
43.	Telephone	\$ 242
44.	Travel and Entertainment	\$ 243
45.	Licenses, Permits and Other Taxes	\$ 244
46.	Other Operating Expenses (auto/delivery, franchise fees, collection expense, dues, etc.)	\$ 245
47.	Total General and Administrative Expenses (Sum of Lines 38 through 46)	\$ 246
48.	Total Operating Expenses (Line 33 plus Line 37 plus Line 47)	\$ 247
49.	Net Operating Profit (Line 28 minus Line 48)	\$ 248
OTHER INCOME (EXPENSE):		
50.	Interest Income (Expense)	\$ 249
51.	Other Income (Expense)	\$ 250
52.	Net Income (or Loss) Before Tax (Line 49 plus Line 50 plus Line 51)	\$ 251

Thank you for your participation.

Please return your survey to:

Industry Insights, Inc., PO Box 4330, Dublin, Ohio 43016; 614-389-3816 FAX

Or email to Michael Becher, CPA, Vice President at mbecher@industrvinsights.com

Deadline for Submitting Form: April 30, 2021