

UpDog

Business Plan





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Executive Summary

- Up Dog is a subscription based dog park for dog owners to enjoy a communal space for off leash exercising and socialization. The parks will feature food and drink options, covered seating, an obstacle / obedience course and 25,000 square feet of artificial turf for dogs to experience.
- Our parks are a safe and social alternative to beaches, public parks, city streets and bush walks. This leads to improved confidence in dogs, new owner friendships, and worry free exercising for dogs and their owners.
- The Up Dog park will derive revenue from membership fees, food and drink sales, and dog toys and equipment. It is anticipated that once inside, members will purchase dog toys and dog merchandise — with most of the subsidiary purchasing decisions through the Up Dog General Store.
- Subscription-based dog parks already exist in some American states, but we plan to prove the concept and profitability with one location before aggressively growing into a multi-city and multi-state business.
- Our target audience is dog owners who want to combine dog exercising and activities with social time (i.e. catching up with friends and eating out). It's a bit like when parents look for cafés and restaurants that are suitable for kids, we target those who look for hospitality options that are suitable for pets.
- The management team of Up Dog is a group of dog enthusiasts that have seen the concept perform strongly in other regions and want to bring scale and growth to the business model. There is an enormous opportunity to increase membership, increase the share of wallet of members and improve the overall relationship between public parks and private dog ventures.
- We intend to grow our membership with an aggressive marketing strategy that encompasses Facebook ads, Google ads, content marketing, influencers and referral programs. We believe that our concept is an incredibly modern proposition that will



be well suited to modern marketing channels (such as Instagram , TikTok and more).

- Funding is sought for the initial build of the first Up Dog park and launching our integrated marketing strategy.

Business Overview

Dogs really are man's best friend — it's why owners are so prepared to spend endless amounts of money ensuring their happiness with treats, experiences and excursions. One such excursion behind this business plan is trying to encourage dog park visits. Not just any dog parks, but dedicated play areas designed for both dog and owner.

The UpDog dog parks are custom-built parks of turf, obstacles, seating and eating. Our parks are the perfect way to combine both pet and owner socialization, while having benefits far wider than this, including:

- Safer environments for dogs
- Safer public parks for the community at large (particularly those that are scared of dogs or don't like sharing communal space with them)
- Cleaner public parks
- Easier socialization for young puppies as they take their first steps in public

Business Strategy and Vision

The Up Dog parks are incredibly lucrative too. In addition to subscription membership fees for the use of the facilities, the park also contains the following revenue sources:

- Food and beverage sales at a licensed café and restaurant
- Dog treats, toys, clothing and other miscellaneous equipment
- Park merchandise
- Park private hires and parties

Key Milestones

- Year One (2021)

- Funding arranged, councils engaged and first park operational
- 500 members
- \$1 million in revenue

- Year Two (2022)
 - Two additional parks operational
 - Expansion of owner entertainment areas added
 - \$3.4 million in revenue

- Year Three (2023)
 - Total of 10 operational parks
 - Scope different ownership structures. e.g. individually owned
 - \$14 million in revenue

Market Size

Few of these dog parks already exist, so it's difficult to measure the total addressable market. There are other indicators that outline the potential popularity of the dog parks. The greatest guide is the amount of money that pet owners spend on their pets each year. And the implication being that if they're willing to spend the earth on their pets, they do the same when it comes to a park for exercise and fun.

The American Pet Products Association projects Americans will spend a record-high \$99 billion this year on all things pet, ranging from food to veterinary care. Online pet food sales jumped 77% in the U.S. in March 2020 YOY. Pet merchandise is expected to be one of the top gift-giving categories, according to a survey by consulting firm Deloitte. On average, half of those surveyed plan to spend \$90 on pet items.

- The value of the pet industry in the USA reached approximately \$99 billion last year.
- Only 2.1% of all pets in the USA are insured.
- Dogs are the biggest influence driving first home purchases among millennials.
- More than half of millennial pet owners buy their pets gifts at least once a month.
- In the past 10 years, American pet spending has more than doubled.
- 45% of American pet owners spend the same amount of money or more on their pets' healthcare as they do their own.
- One in 10 American pet owners are putting off having kids or more children because of pet expenses.

The US pet industry reached nearly \$99 billion in sales by the end of the last year.

(APPA)

According to projections from APPA, by the end of the last year, the amount Americans spend on their pets grew to reach \$99 billion – that is nearly \$9 billion more than two years ago. Pet food and treats make up the biggest portion of the market at \$38.4 billion, followed by vet care and products at \$30.2 billion.

Annually, owners spend an average of around \$1,380 on pet dogs' basic expenses.

(APPA)

At 63.4%, dogs make up the majority of pets in US households. Data from APPA's pet spending statistics per year on dogs reveal that owning a dog costs an average of \$1,380 in basic expenses annually. On cats, average annual expenses amount to roughly \$908.

In the case of dogs, surgical vet visits make up the biggest expenditure, while the single biggest expenditure for cats is food.

Dogs are the biggest influence when it comes to driving first home purchases among

millennials.
(Zulily)

So, if millennials and younger generations are willing to buy a house with a backyard just for Fido to run around, can you imagine how much Americans spend on their pets? The answer is a lot.

Rather than getting married or having kids, needing more space for their pets (dogs specifically) is the main reason a third of millennials cite for purchasing their first home. For those yet to purchase a home, nearly 42% admitted that their pet or the desire to have one would be a key factor in their decision to buy a house.

Only 2.1% of all pets in the US are insured.
(Forbes)

US pet spending and ownership statistics show that a mere 2.1% of all pets within the country are covered by any form of insurance. Of these, dogs represent roughly 88.9% of the total.

However, the pet insurance industry is currently experiencing rapid growth. From 2016 to 2017, the market grew by a remarkable 23%. For comparison, the pet supply and products industry grew by around 4% during that time.

Additional Resources

- [Trupanion Pet Insurance Review](#)
- [Pets Best Insurance: Overview, Pros & Cons](#)
- [Figo Pet Insurance Review](#)
- [More reviews of the top pet insurance providers](#)

More than half of millennial pet owners buy their pets gifts at least once a month. (Zulily)

Pet spending statistics - or more specifically a millennial pet ownership statistics report from pet retailer Zulily - show that younger generations are incredibly generous towards their pets, whom they treat as part of the family (or even better). In total, 92% of millennials who own pets buy their pets gifts, while 51% do so on a monthly basis. Millennials are also twice as likely to purchase clothes for their pets than baby boomers.

Pet apparel is among the fastest-growing categories in pet eCommerce. (Zulily)

eCommerce pet spending statistics from Zulily reveal that pet apparel is experiencing some of the fastest-growing sales of any pet supply product category online. Between 2017 and 2018, sales of pet dresses, t-shirts, and sweaters each grew by over 200%. In the case of pet hoodies, sales grew by a staggering 622%

77% of millennials prefer to buy pet supplies online. (Zulily)

Online pet spending statistics tell us that the majority of younger pet owners (77%) prefer to shop online for their A to Z pet supplies, rather than opting to do so at a brick-and-mortar pet store. The most commonly purchased items online include toys, accessories, and pet food.

Over the past 10 years, the amount of money Americans spend on pets has more than doubled.

(Statista)

In 2010, the total money spent on pets was roughly \$45.53 billion. Within the next decade, this spending has mushroomed to \$95.7 billion annually. The biggest annual increase was between 2017 and 2018, when spending quickly jumped from \$69.51 billion to \$90.5 billion – a growth of 30%.

By 2023, online sales are expected to make up around a quarter of the total American pet supply market.

(Packaged Facts)

Despite its rapid rise in popularity and it being the default method of shopping among the younger demographic, online shopping is yet to reach its true potential when it comes to buying pet products. In 2018, online sales of pet products only reached an estimated \$9.5 billion.

However, this field is currently undergoing one of the fastest growth rates of any channel. By 2023, eCommerce is expected to double its share and make up 26% of the total pet market. Currently, the best online pet store in terms of popularity is Amazon, followed closely by Chewy.

Pet dry food is the most common item purchased by pet owners online. (Statista)

In the case of both pet cats and dogs, the biggest pet category bought online was dry foods; 43% of cat owners who shop online buy dry food, while 44% of dog owners do the same.

Among cat owners, litter and wet food make up the second and third most commonly purchased items online, at 37% and 34% respectively. For dog owners, the second and third most commonly bought items online are pet treats/chews and flea medication, at 43% and 30% respectively

American pet spending on dog walkers was projected to exceed \$1 billion in 2020. (IBIS World)

Dog walker jobs are on the rise as more and more Americans are opting to pay dog walking services to ensure that the exercise needs of their canine companions are taken care of. In 2019, the country's dog walker market was valued at around \$1.05 billion.

That number was projected to reach \$1.1 billion this year, although the effects of the COVID-19 pandemic on this prediction remain to be seen.

The pet grooming industry is expected to reach \$5.49 billion in value by 2025. (Allied Market Research)

Pet industry statistics show that the grooming sector is made up of a diverse range of products, including pet shampoos and conditioners, pet toothpaste, detangling brushes, special scissors, and clippers. The industry is expected to grow at an annualized rate of 4.5% to reach a total market value of \$5,488 million over the next five years.

Surprisingly, rather than North America or Europe, the Asia-Pacific region was found to be the fastest-growing market for such products

An estimated 60% of all cats and 56% of all dogs in the US are overweight or obese. (APOPOP)

How much do Americans spend on pet food? Probably too much, if this stat is anything to go by. Obesity is a prevalent problem among pets in the country, with an estimated 60% of all cats and 56% of all dogs being classified as obese or overweight.

It seems there's a lack of consensus among pet owners and veterinary professionals regarding advice on pet nutrition and weight loss. 45% of American pet owners spend the same or more on the healthcare needs of their pets than they do on themselves. (LendEDU)

In a national pet owners survey conducted by financial website LendEDU, it was found that nearly half of all Americans spend the same or more on the healthcare of their pets than they do on themselves. Of those respondents, 20% have gone into debt caring for their pets, with the average owed amount being \$1,567.

One in 10 American pet owners are putting off having kids or more children because of pet expenses. (LendEDU)

The same pet owner survey by LendEDU produced these fascinating pet owner spending statistics: 11% of respondents said that because of the cost of pet care, they were putting off having kids or more children.

Other commonly missed milestones included delaying marriage, buying/renting a house, and keeping up with utility payments. Who would have thought that owning a pet could have such a profound impact not only on people's financial health, but also on their personal lives?

Analysis of Market Size

The market research above supports our view that increased spending on pet ownership is likely to continue and when combined with the pain point of eating out with dogs becoming increasingly challenging, our park is well-positioned to take a large share of the pet spending.

The increase in pet spending is likely to be as a result of families leaving it later to start families, Covid-19 making it impossible (or at least harder) to travel overseas — and therefore having higher disposable incomes) and the increased exposure to targeted ads and specialist pet retailers.

All three macro trends will allow us to exploit the market opportunity and expand aggressively into other regions with similar market conditions.

Location Strategy

We've decided to open our first park in Birmingham, AL. We've chosen Birmingham because it fits our target demographic, has high rates of dog ownership and is contemporary and cosmopolitan.

Here are the other key reasons we've chosen Birmingham:

- **Age**

In 2018, the median age of all people in Birmingham, AL was 35.8. Native-born citizens, with a median age of 36, were generally older than foreign-born citizens, with a median age of 34. But people in Birmingham, AL are getting older. In 2017, the average age of all Birmingham, AL residents was 36.

- **Disposable Income**

Median household income in Birmingham, AL is \$35,346. In 2018, the place with the highest Median Household Income in Birmingham, AL was Census Tract 129.11 with a value of \$157,950, followed by Census Tract 127.03 and Census Tract

108.05, with respective values of \$140,132 and \$126,090.

Males in Alabama have an average income that is 1.44 times higher than the average income of females, which is \$43,012. The income inequality in Alabama (measured using the Gini index) is 0.459, which is lower than than the national average. The economy of Birmingham, AL employs 93.4k people. The largest industries in Birmingham, AL are Health Care & Social Assistance (16,523 people), Retail Trade (10,486 people), and Accommodation & Food Services (9,106 people), and the highest paying industries are Utilities (\$57,763), Mining, Quarrying, & Oil & Gas Extraction (\$53,000), and Professional, Scientific, & Technical Services (\$51,883)

- **Home Ownership**

In 2018, 45.8% of the housing units in Birmingham, AL were occupied by their owner. This percentage declined from the previous year's rate of 46.1%.

This percentage of owner-occupation is lower than the national average of 63.9%. This chart shows the ownership percentage in Birmingham, AL compared it's parent and neighboring geographies.

- **Dog Ownership**



Birmingham



One of America's Most Pet-Friendly Cities



6th

Most pet-friendly city in America

10

places to take your pet



- Ruffner Mountain Nature Trail
- Vulcan Trail
- Red Mountain Park
- Railroad Park
- The Market at Pepper Place
- Moss Rock Preserve
- Oak Mountain State Park
- Loch Haven Dog Park
- Turkey Creek Nature Preserve
- Black Creek Bark Park



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3rd

in "pet budget"

Average veterinary care costs are

\$37.85

Minimum pet-care provider rate per visit

\$5

Dog insurance premium

\$44.18

\$\$\$\$\$\$\$

8th

for pet-friendly trails per capita



.85



Pet caretakers per capita



7th

for most veterinarians per capita in the United States

0.2475 Veterinarians per capita



64

Restaurants around Birmingham have pet-friendly patios and outdoor seating

0.1237

Pet-friendly restaurants per capita



16th

for pet-friendly restaurants per capita



Competitor Analysis

Fetch

Fetch was hatched by founder and CEO Stephen Ochs out of a desire to be able to hang out with both his beloved boxer Oakley and his friends. He was tired of having to make the impossible choice of hanging out with friends after work for happy hour drinks, or the dog park with his best friend. Ochs love of sports, specifically his baseball background shines through in the design of the park which has the feel of a rustic minor league ballpark.

Advantage

- All Turf Field
- Full Airstream Bar
- Park Lighting
- 65" Ultra Bright Outdoor TVs
- Cooling/Heating Stations
- Clean and Safe Bark Rangers
- **Pricing**
 - \$30/month
 - \$275/year
 - \$40/month (open contract)
 - \$10/day

Disadvantage

A few online reviews reference that there is an overwhelming smell of dog urine the second you walk in and the maintenance of the park isn't up to scratch. Commenters also suggest it's hard to get decent service out of restaurant and bar staff.

Mutts Canine Canteen

Mutts Canine Cantina is a unique place for you and Fido to enjoy some outdoor fun and meet all sorts of dog people. The cantina features a dog-friendly public outdoor patio and beer garden and a membership-based off-leash park. Attendants are on duty in the park to

clean up after your pup and provide water while you relax. Membership fees are \$8.95 for a day pass, \$16.95 for a monthly pass, and \$169.50 for a yearly pass.

Advantage

- Unlimited Dog Park Visits
- Attendants Provide Water and Clean-Up
- Upscale Dog Community
- Exclusive / Early Access to Events and Promotions
- Partner Discounts
- **Pricing**
 - \$9-\$20/day
 - \$19-\$36/month
 - \$200-290/year

Disadvantage

Complaints are generally about other dog owners not the facility or staff itself. Owners suggest that dog owners ignore their pets and let them roam wild; creating an uncomfortable space for more respectful owners. They also suggest the park is often overcrowded.

Marketing Plan

We will invest heavily in our marketing efforts to ensure that we have a steady stream of members and day-to-day visitors. Most of our focus will be on digital marketing, but there's a nice opportunity at the launch to leverage traditional media and PR. Here's the most

important channels and tactics in our marketing plan:

- **Social Media**

Dogs have enjoyed an incredibly popular time on Facebook, Instagram and Tik Tok, therefore we'll look to exploit that popularity with organic posts and paid advertising. Here's some of the content that will perform well on social media:

- Time lapse videos of our park under construction
- Crowdsourced ideas for the design of the park and obstacle course construction
- Images of extreme close ups of happy dogs in parks
- Images of happy, relaxed owners enjoying some time off from chasing dogs
- Profile images of members and their pets in a 'Get to Know' series
- High quality food and drink images

- **PR**

We've identified several local media outlets to pick up the story of our launch. These include mainstream media, local dining guides, local event directories and local influencers. Note, using influencers will also be a core part of our digital strategy.

- **Referral and Loyalty Programs**

Members can earn additional perks for recommending the dog parks to other dog owners. Casual members can also use concessions and loyalty perks for using the park on a regular basis.

- **Google Ads**

While not every potential member will be searching for 'dog parks', they will be searching for 'local dog walks', 'dog friendly cafés' and 'dog activities'.

- **Out of Home Advertising**

One of the best places to reach dog walkers is billboard advertising at popular local walks, tracks and parks. I.e. the places that are favored by local dog walkers. Therefore, we'll invest heavily in out of home advertising options. We'll even consider using clever billboard strategies like only serving a particular ad on hot days (e.g. "enjoy a dog walk and a beer")

Financial Forecast

Price List

Membership	
Day Pass (1 dog, 2 dog)	\$10, \$16
Month Pass (1 dog, 2 dog)	\$30, \$40
Yearly Pass (1 dog, 2 dog)	\$225, \$380
Beer / Drinks	
Cans	\$3

Bottles	\$4
Draft	\$5
Soda	\$2
Food	
Grilled Cheese	\$4
Guac and Chips	\$8
Sliders	\$8
Hot Dog	\$5
Fries	\$2

Start Up Costs

Property	
Land	\$70,000
Utilities	\$8,000
Construction	
Ground Prep/Artificial Turf	\$105,000
Fencing	\$6,000
Building (2)	\$42,000
Parking Lot	\$38,000

Lighting	\$5,000
Electrical	\$5,000
Air Conditioning	\$5,000
Plumbing	\$5,000
Kitchen	
Cooking Appliances	\$3,000
Refrigeration	\$7,000
Cabinetry	\$3,000
Office	
Desk	\$1,000
Computer	\$3,000
Chair	\$400

Bathrooms	
Sinks	\$450
Toilets	\$569
Mirrors	\$200
Outdoor Amenities	
Trash Cans (Owner/Pet)	\$500
Obstacle Course	\$1,400
Furniture	\$10,000
Murals/Decoration	\$2,000
Brand Awareness	
Logo	\$500

Website	\$5,000
Launch Marketing	\$15,000
Total	\$342,019

Profit and Loss			
	Year 1	Year 2	Year 3
Revenue			
Membership Revenue	\$555,000	\$3,650,000	\$18,750,000
Casual Revenue	\$50,000	\$200,000	\$1,000,000
Food and Beverage Revenue	\$350,000	\$1,000,000	\$4,800,000
Merchandise Revenue	\$50,000	\$150,000	\$450,000
Total Revenue	\$1,000,000	\$5,000,000	\$25,000,000
Expenses			

Utilities	\$7,000	\$21,000	\$175,000
Insurances	\$5,000	\$15,000	\$120,000
Maintenance and Contractors	\$70,000	\$450,000	\$1,000,000
Marketing	\$150,000	\$250,000	\$950,000
Labor	\$300,000	\$2,100,000	\$7,400,000
Labor Benefits	\$30,000	\$210,000	\$409,500
Depreciation	\$7,500	\$25,000	\$55,000
Total Expenses	\$569,500	\$3,071,000	\$10,109,500
Net Profit	\$430,500	\$1,929,000	\$14,890,500