EY-Parthenon UChicago-Prism Case Competition (2024)

Context & Engagement Objectives

Our client is PetSmart LLC (the “Target”), a leading pet specialty retailer that offers pet products and pet services to owners of dogs, cats, fish, birds, and other pets primarily through brick & mortar stores in the US. The engagement involves advising PetSmart on strategies to achieve substantial revenue growth and expanding their market presence in the next 3-5 years. Your task is to analyze various aspects of the pet industry and propose actionable recommendations to support the company's growth objectives.

*Company background*: PetSmart offers a comprehensive range of services to cater to the diverse needs of pet owners. This includes a vast selection of pet products available at their retail stores, spanning food, toys, grooming supplies, and accessories for various types of pets. Customers can conveniently access these products through PetSmart’s over 1,500 physical retail locations and their e-commerce platform (“PetSmart.com”), which offers home delivery options as well as buy-online-pick up-in-store (“BOPIS”) options. Additionally, PetSmart provides a suite of essential pet care services such as professional grooming salons for dogs and cats, certified pet training classes, in-store veterinary clinics offering routine care and wellness services, pet boarding, daycare facilities, and adoption services in collaboration with local rescue organizations.

To develop a perspective on PetSmart’s opportunity, we would like you to specifically address the following questions and topics:

*Determine the market size and growth of the pet population, products, and services market to identify areas with the greatest potential for investment:*

* What is the pet population in the US by species? How has pet ownership been trending, especially after COVID-19? What species and / or segmentation of species (i.e., large dog, small dog, etc.) have been growing faster than others?
* What is the size and segmentation of the US market for pet products and services?
  + How does the pet products market segment by category? (i.e., food, treats, etc.)
* How has the overall market for pet products and services performed recently?

*Identify the underlying historical and future market drivers fueling the pet products and services industry and assess, on a best-effort basis, how well PetSmart is aligned to these trends:*

* What are the key pet ownership and pet owner behavior trends shaping the pet industry? (e.g., growing number of pet owners, pet humanization/wellness, etc.)
* What are the key growth drivers fueling the pet products and services market in the next 3-5 years (e.g., premiumization, increased spending on pet health and wellness, etc.)?
* How do these growth drivers align with the company's strengths and weaknesses, and what opportunities do they present for strategic expansion?

*Examine and rank potential avenues for revenue expansion that PetSmart could pursue over the next 3-5 years. Possible opportunities include, but are not restricted to:*

* Explore PetSmart’s opportunities for expansion and / or diversification into new product categories or services that cater to evolving consumer demands
* Evaluate potential areas for geographical expansion, including emerging markets or underserved regions with high pet ownership rates
* Consider strategic partnerships or acquisitions that could facilitate market penetration or enhance the company's market position / competitive positioning
* Investigate changes to online and physical store formats to improve the customer shopping experience, drive higher traffic, and attract / retain new customers
  + Examples: Opening newer differentiated retail locations; new, differentiated e-commerce options
* Explore increasing the range of private-label pet products to improve margins and customer loyalty

Key Deliverables

* Market sizing
  + Conduct an analysis of pet populations over time in the United States segmented by species
  + Additionally, create a comprehensive overview of the current market size for pet products and services in the US, including a detailed methodology page outlining the approach used to determine this market size
* Synthesis of secondary research
  + Aggregation and analysis of available secondary data / information on the pet product and services market
  + Compile a list of growth levers within the pet products and services market influencing the overall industry growth potential over the next 5 years
* Growth opportunities:
  + Create a hierarchy of and evaluate ~2-3 potential revenue growth opportunities for PetSmart
    - Reminder: You are not limited to the prompted growth opportunities in the engagement objectives section.
    - Tips: Recommendations should prioritize specificity. For instance, if suggesting geographic expansion, provide detailed market selections and rationale. Additionally, utilizing findings from market analysis and growth drivers generally enhances the strength of recommendations. Prioritize strength of recommendations and not the number of recommendations.

*Sources to potentially leverage*: Publicly available industry association reports (e.g., AVMA, APPA, etc.), government data (e.g., BEA, etc.), company 10-Ks / investor presentations (e.g., Chewy, PetSmart, etc.), US Census, financial news and business publications, etc.