



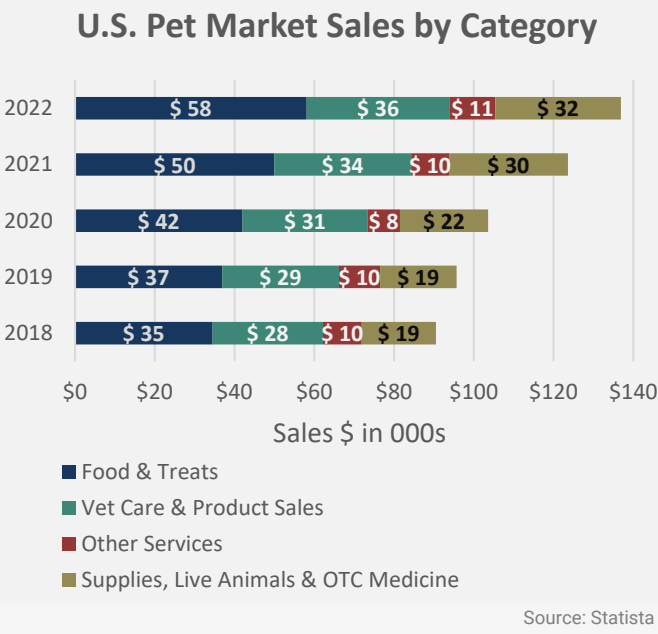
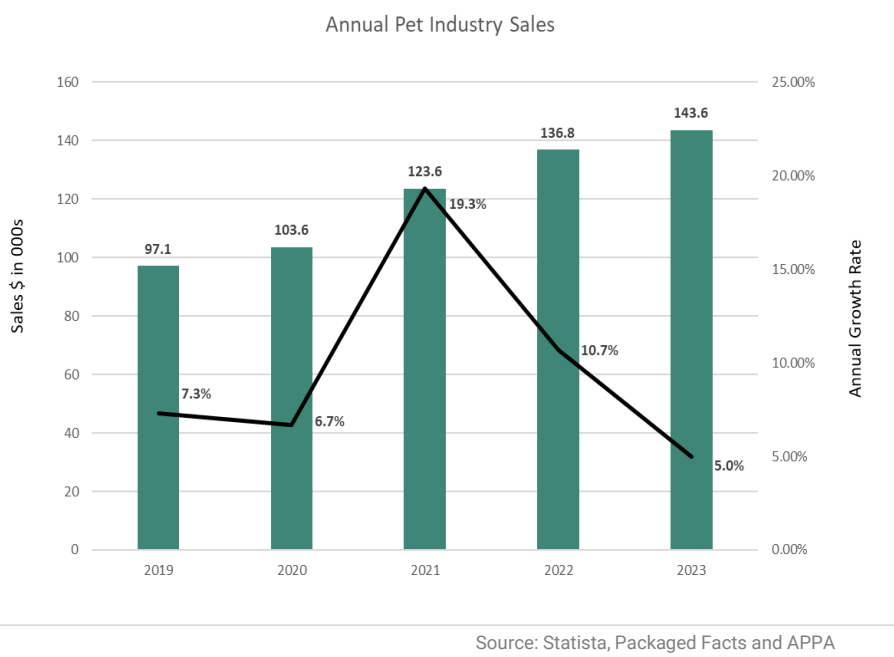
# Pet Industry Spotlight

APRIL 2024 UPDATE

## U.S. PET INDUSTRY OVERVIEW

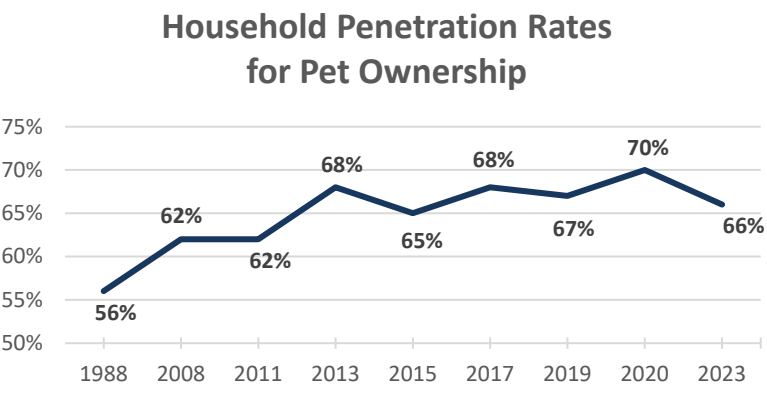
Spending on pets in the U.S. hit \$143.6 Billion in 2023, representing **over twenty years of growth**. The pet industry has proven to be highly **recession-resistant**

**Food & Treats** are the largest segment of the U.S. pet market, followed by veterinary care and product sales.



## U.S. PET RETAIL INDUSTRY OVERVIEW

**Pet stores** accounted for approximately \$29.4B in sales in 2023 and are expected to **continue to grow** 4.0% annual growth reported from 2018-2023 and projected growth of 0.8% annually to 2028



## TRENDS ACROSS THE INDUSTRY



### PREMIUM and NATURAL PRODUCTS

Pet owners are becoming more conscious about the **quality of products** they purchase for their pets.

Consumers are seeking products that prioritize **health, nutrition, and overall well-being**, including demand for products containing CBD.



### HEALTH and WELLNESS SERVICES

Beyond traditional pet care products, is an increased emphasis on **health and wellness** services in pet care retail.

This includes **veterinary clinics** within retail stores, pet health insurance, and alternative therapies like acupuncture and physical rehabilitation services.



### TECH-ENABLED EXPERIENCES

Retailers can utilize **artificial intelligence**, machine learning, and data analytics to offer personalized recommendations such as tailored nutrition plans.

Innovative **pet tech products**, such as smart collars, automated feeders, and health monitoring devices are gaining popularity.



### SUSTAINABILITY and ECO-FRIENDLY PRACTICES

Consumers are looking for products and brands that use **eco-friendly packaging**, sustainable sourcing, and manufacturing practices.

Adapt by offering a wider range of **environmentally conscious products** and incorporating sustainable initiatives into their business models.

## The Big Story



On December 14, 2023, Chewy announced the launch of its pet health practices under the brand name "Chewy Vet Care." The first practice will open in South Florida in early 2024 with additional locations launching throughout the year, and offer services including routine appointments, urgent care and surgery. The practices will be powered by Chewy's custom-built open platform that can seamlessly be applied to Chewy Vet Care or third-party partner practices.

"We partnered with hundreds of veterinarians and customers to design an in-practice and post-visit experience which we believe will be unlike anything in the market, and appreciated by both communities," said Mita Malhotra, President, Chewy Health.

### ABOUT THE COMPANY

PetSmart, which is backed by the private equity firm BC Partners, acquired Chewy in 2017 for roughly \$3 billion to add an online business to complement its store base, as trends shifted online. But as the two business lines diverged, PetSmart transferred part of its stake in Chewy in a move that set the groundwork for a potential IPO.

### THINGS TO NOTE

Following the initial public offering, PetSmart owned roughly 70% of the company's common stock and held approximately 77% voting power. BC Partners later split PetSmart and Chewy, though it remains among Chewy's biggest shareholders.

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