

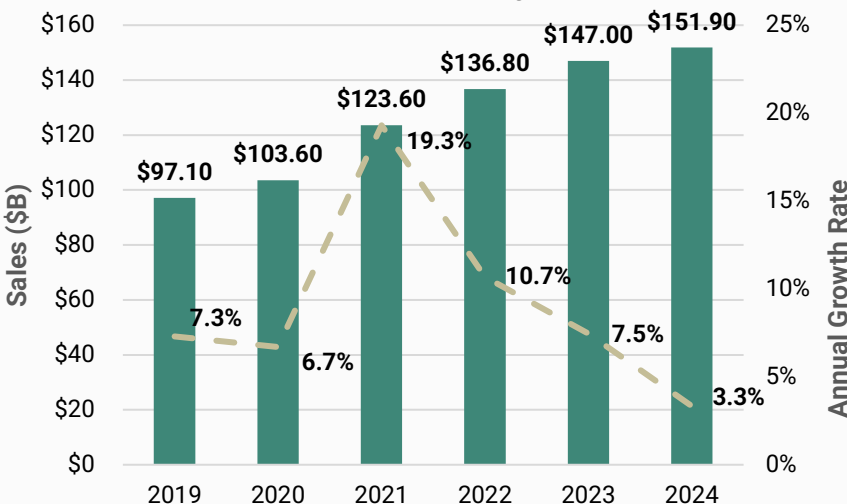
Pet Industry Spotlight

May 2025

U.S. PET INDUSTRY OVERVIEW

Spending on pets in the U.S. hit \$152 Billion in 2024, reflecting **over twenty years of consistent growth**. The pet industry has proven to be highly **recession-resistant**.

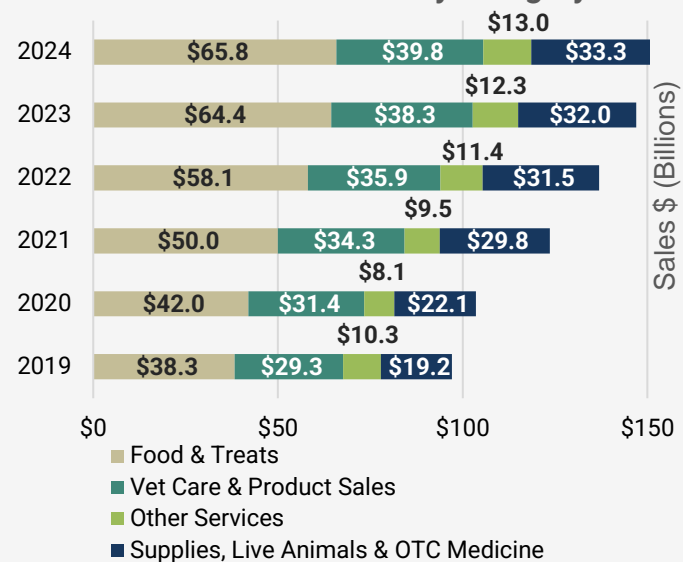
Annual Pet Industry Sales



Source: APPA, Statista

Food & Treats are the largest segment of the U.S. pet market, with 72% growth since 2019, followed by veterinary care and product sales, which has grown 36% since 2019.

US Pet Market Sales by Category

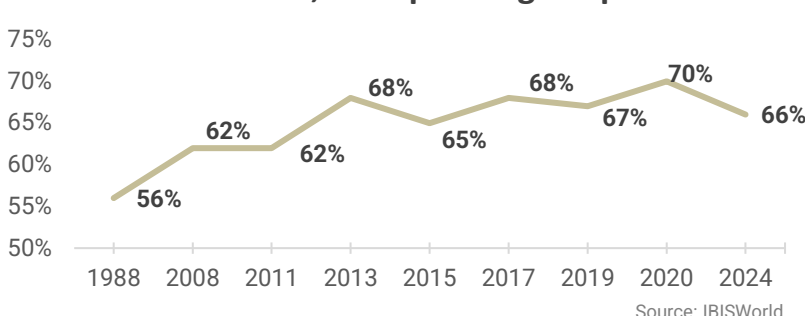


Source: APPA, Statista

U.S. PET RETAIL INDUSTRY OVERVIEW

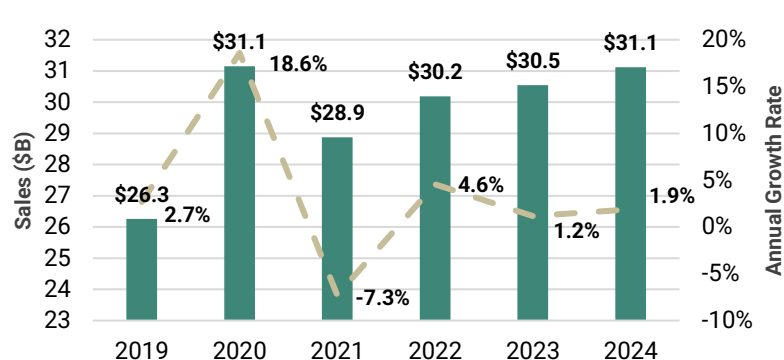
Pet stores accounted for approximately \$31.1B in sales in 2024 and are expected to **continue to grow**. 4.0% annual growth reported from 2019-2024 and projected growth of 3% annually to 2030.

Household Pet Ownership Declined vs. 2020, but Spending is Up



Source: IBISWorld

Annual Pet Store Revenue - Brick & Mortar



Source: IBISWorld

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.



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.



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.



SUSTAINABILITY and ECO-FRIENDLY PRACTICES

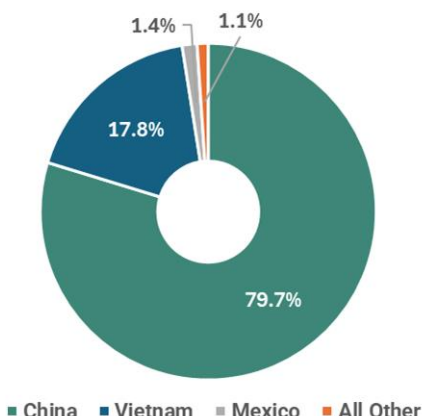
Consumers are looking for products and brands that use **eco-friendly packaging**, sustainable sourcing, and manufacturing practices.

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

The Big Stories

TARIFFS

Total Imports to US - Toys for Pets, Of
Vulcanized Rub, Exc Hd Rubber (kg)



Source: US Census Bureau, 2024

Pet food manufacturers could feel the impact of increased costs due to tariffs on imported ingredients and packaging materials. Retailers are also exposed to the potential for cost increases on a range of imported items from pet toys to dog beds, collars, leashes, litter boxes, crates and more.

It will be very important to understand the impact and options to mitigating tariffs. Careful consideration must be given to quick and dynamic responses. Check out Ankura's recent tariff whitepaper: [Navigating the New Tariff Reality: A CFO's Strategic Playbook, Elliot Fuhr](#)



Tractor Supply expanded its pet retail presence through the acquisition of Allivet in December 2024, leveraging its strong customer base where about 75% of its 37 million loyalty members are pet owners. The retailer, operating 2,270 Tractor Supply stores and 205 Petsense locations, is capitalizing on post-pandemic "rural revitalization" while continuing its "Project Fusion" renovation program that has upgraded nearly half its fleet.

ANKURA PERFORMANCE IMPROVEMENT FUNDAMENTALS

WHAT IT'S LIKE TO WORK WITH ANKURA PERFORMANCE IMPROVEMENT (PI)

Ankura PI approaches its projects as partnerships. We do not succeed unless our clients succeed. In addition to leveraging the breadth of experience within the Performance Improvement team, we are able to leverage the breadth of Ankura's multiple operating groups to provide unparalleled subject matter expertise.

Our projects are typically a flexible model of in-person work coupled with remote data analysis and research. We flex our coverage to support your business, teams, and goals.

DRIVING STRATEGIC BUSINESS TRANSFORMATION, MARGIN, AND EBITDA

Comprehensive evaluation of Manufacturing and Retail operations that include the following areas of focus to support customer and employee satisfaction.

- Manufacturing Network Strategy
- Mfg. Operations - Capacity / Utilization / Cost Efficiency
- Merchandise Assortment Breadth & Depth
- Procurement & Supply Chain
- Distribution & Logistics
- Store Operations
- Customer Relationship Management
- Digital Marketing
- Planning & Allocation
- Finance & Accounting
- Technology & Systems
- Labor Scheduling and Optimization

We have a proven track record of executing strategic plans to achieve sustainable performance improvement and targeted operating results aimed at maximizing EBITDA, cash flow, and ultimately shareholder value.

OUR EXPERTS



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