

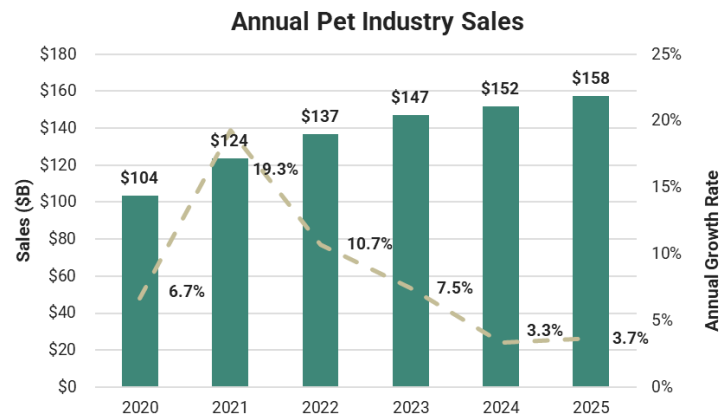
Pet Industry Spotlight

May 2026

U.S. PET INDUSTRY OVERVIEW

Spending on pets in the U.S. hit \$158 billion in 2025, reflecting **over 20 years of consistent growth**. The pet industry has proven to be highly **recession-resistant**.

Food & Treats are the largest segment of the U.S. pet market, with 63% growth since 2020, followed by veterinary care and product sales, which has grown 31% since 2020.



Source: APPA, Statista

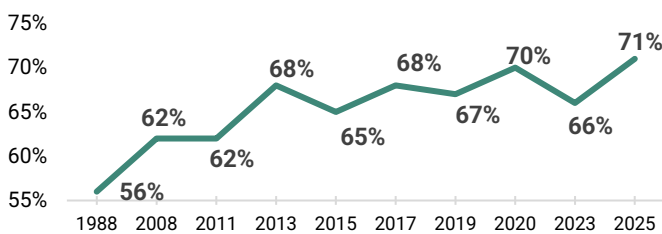


Source: APPA, Statista

U.S. PET RETAIL INDUSTRY OVERVIEW

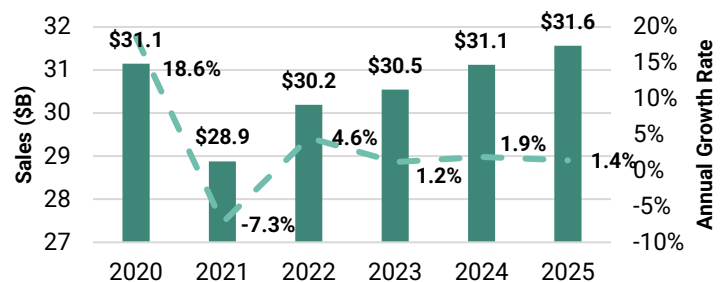
Pet stores (Brick & Mortar) accounted for approximately \$31.6 billion in sales in 2025 and are expected to **continue to grow**. 0.3% annual growth reported from 2020-2025 and projected growth of 1%-2% annually to 2031.

Household Penetration Rates for Pet Ownership are Up



Source: APPA

Annual Pet Store Revenue - Brick & Mortar



Source: IBISWorld



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 cannabidiol (CBD).



TECH-ENABLED EXPERIENCES

Retailers can utilize **artificial intelligence (AI)**, 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

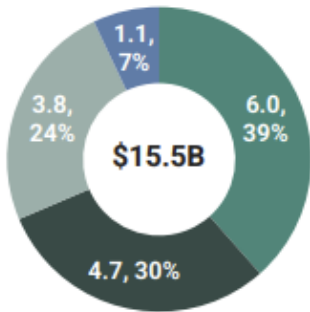
Consumers are looking for products and brands that use **eco-friendly packaging**, sustainable sourcing, and manufacturing practices.

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

The Big Stories

M&A OPPORTUNITIES

Grooming & Boarding Revenue



■ Boarding ■ Grooming ■ Training ■ Other

Source: IBISWorld

The pet grooming and boarding sector has experienced **robust mergers and acquisitions (M&A) activity** over the past two years yet remains **highly fragmented** with no single operator capturing more than 5% of the market, creating **substantial consolidation opportunities** for strategic acquirers and private equity platforms. When evaluating roll-up opportunities in the pet boarding and grooming sector, the franchise versus company owned model decision significantly **impacts operational control, growth velocity, and exit valuations**. Each approach offers distinct advantages for private equity firms and strategic acquirers targeting this fragmented, high-growth market. Check out Ankura’s recent spotlight: [U.S. Pet Grooming & Boarding: Ankura Industry Spotlight \(October 2025\) - Ankura.com](#)



On April 8, 2026, Chewy announced that they will acquire Modern Animal, Inc., a technology-forward veterinary platform with 29 owned clinics, 24/7 virtual care, and a high-retention membership model. This acquisition represents an important strategic step in Chewy’s evolution into a fully integrated pet healthcare ecosystem with Modern Animal adding a scaled, tech-enabled in-person care model that accelerates Chewy’s clinic expansion and complements its existing health, pharmacy and Chewy Vet Care (CVC) capabilities.

WHAT IT IS LIKE TO WORK WITH ANKURA VALUE CREATION

Ankura Value Creation approaches its projects as partnerships. We do not succeed unless our clients succeed. In addition to leveraging the breadth of experience within the Value Creation 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 (Mfg.) Network Strategy
- Mfg. Operations - Capacity/Utilization/Cost Efficiency
- Merchandise Assortment Breadth and Depth
- Procurement and Supply Chain
- Distribution and Logistics
- Store Operations
- Customer Relationship Management
- Digital Marketing
- Planning and Allocation
- Finance and Accounting
- Technology and 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.

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