



Insights exchange for the model-driven economy

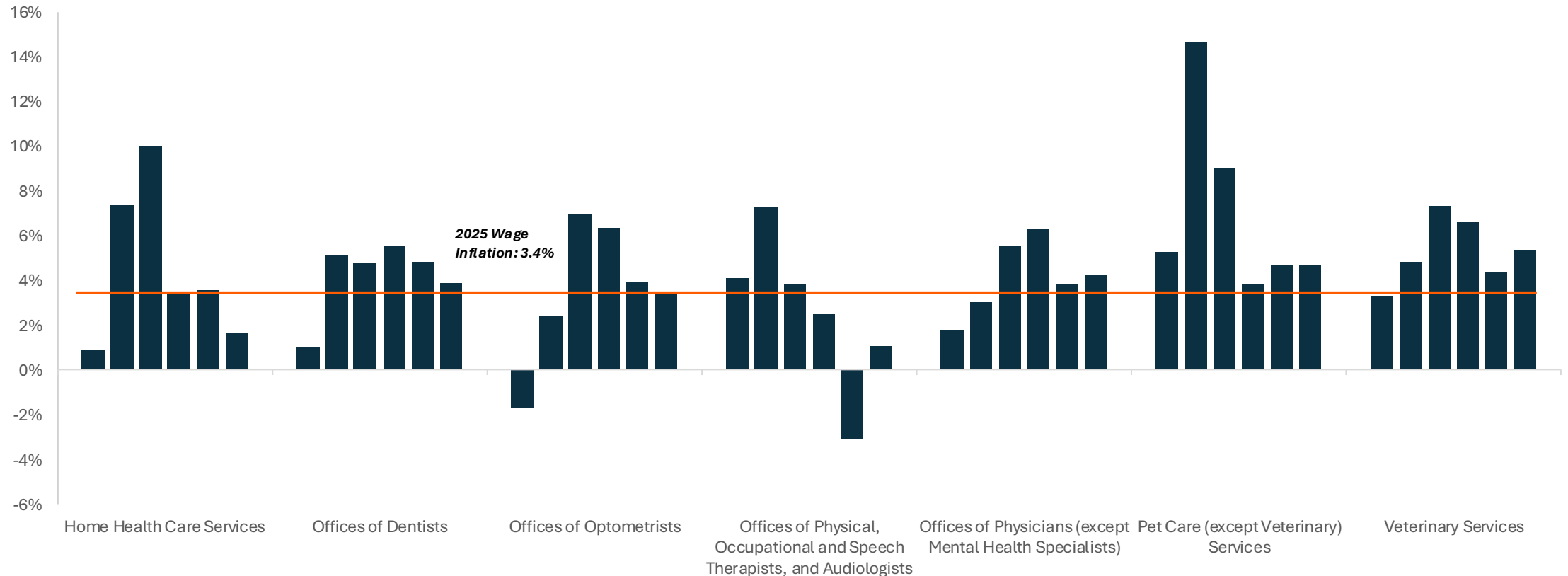
# Love Your Pet, Watch Your Wallet: The Pet Economy Hits a Crossroads

1. **Vet services labor demand is structurally elevated, with wages growing 3–7% annually since 2020** - above inflation benchmarks and consistent with ongoing industry consolidation.
2. **Veterinary services is a top-growth healthcare category, compounding at 6% annually from 2019–2025**, supported by a rapid scaling of pet insurance that is raising the ceiling on per-visit spend.
3. **Covid turned pet owners into pet parents - stimulus, lockdowns, and a surge in adoptions drove premium spend** uniformly across generations and incomes. That tailwind is now fading.
4. **Pet spend is a real-time read on consumer confidence - and the signal is turning.** What began as Gen X and Millennial pullback in 2024 has now reached even the most insulated Boomer cohort in 2025.
5. **Freshpet won the grocery pet food upgrade cycle, riding consumer willingness to invest in pet health to nearly 30% market share.** Holding that share in a tighter environment is the next test.
6. **Purina is consolidating mass retailer share across income cohorts as budgets tighten** - but Freshpet's resilience at both ends of the income spectrum suggests the health trend in pet food has real staying power.

# Vet Services Labor Demand Remains Structurally Elevated

Veterinary wages have grown 3–7% annually since 2020, consistently above the 3.4% inflation benchmark — a signal of durable demand amid ongoing consolidation. Non-vet pet care spiked 14% in 2021 before normalizing, consistent with a pandemic demand shock rather than a structural shift.

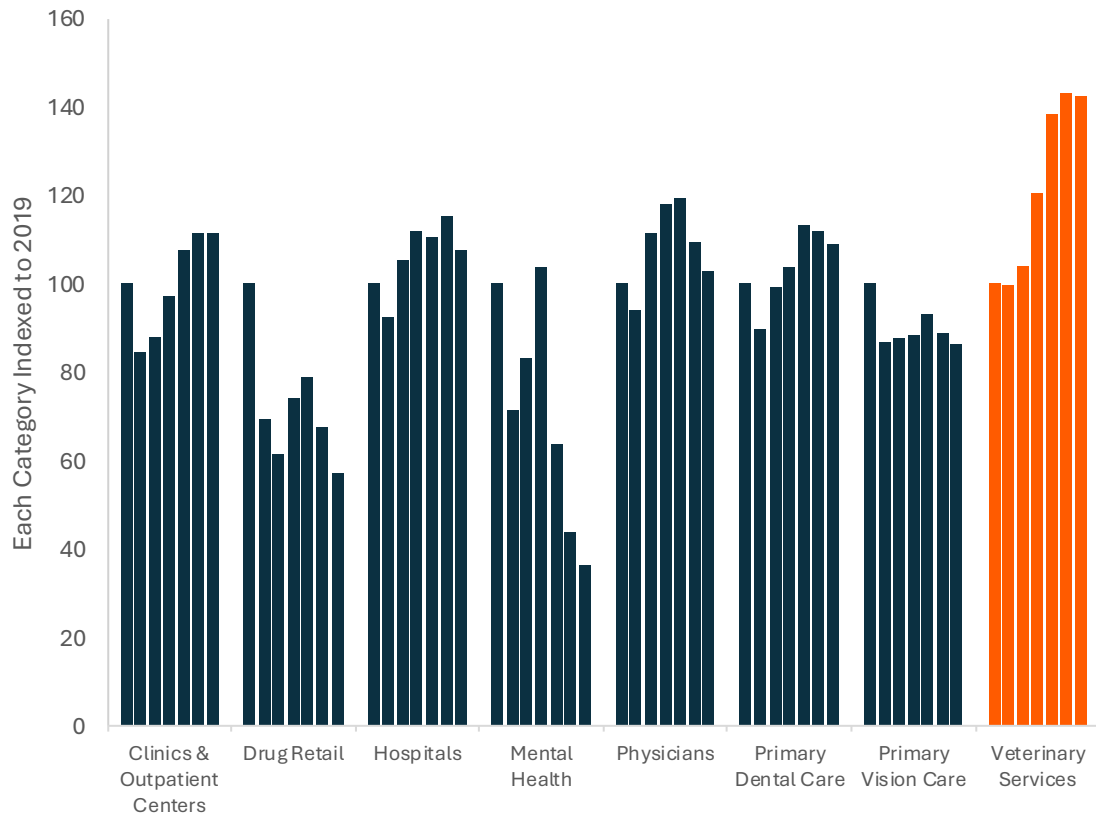
YY Growth Median Gross Pay  
(2020 - 2025)



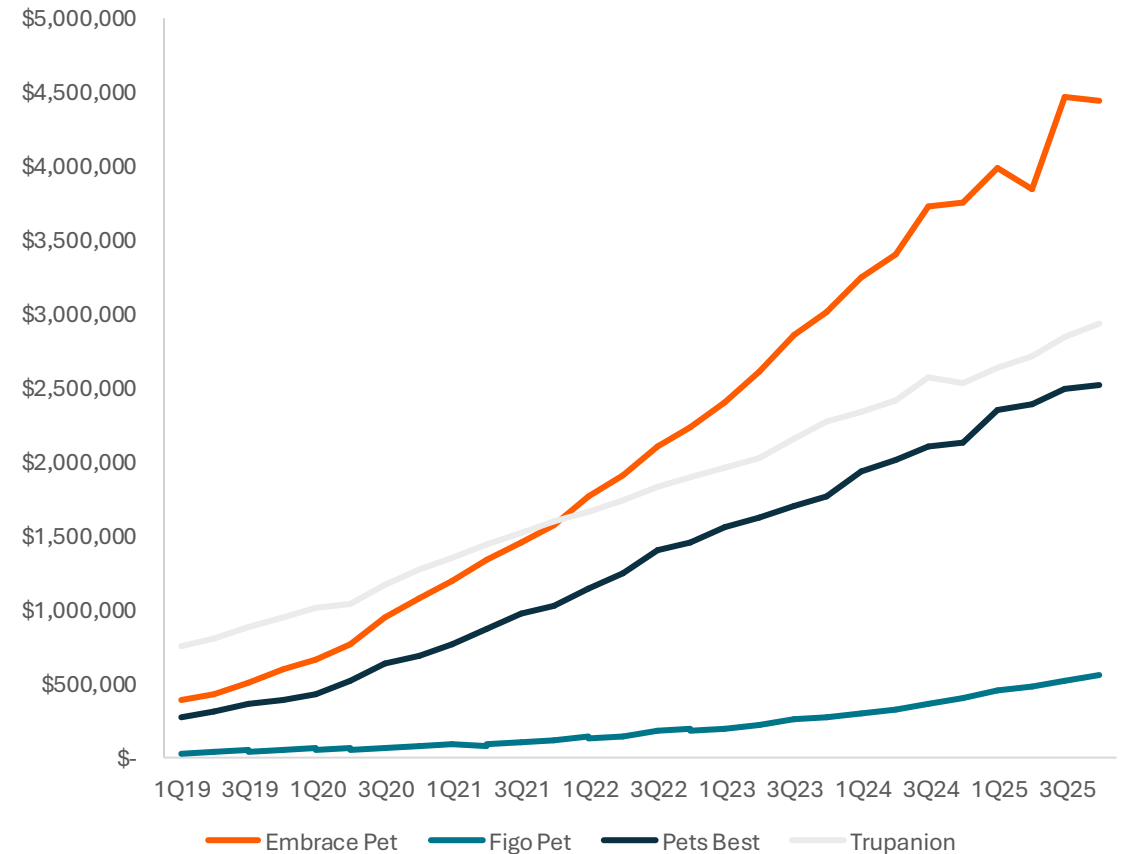
# Veterinary Services is a Top Growing Healthcare Category

Vet services compounded at 6% annually from 2019–2025, delivering 42% total growth and outpacing peers. The structural driver: pet insurance card spend has scaled sharply since 2020 across all major carriers, expanding consumer access to higher-cost care and raising the ceiling on per-visit spend.

Spend per Store  
(2019 - 2025)



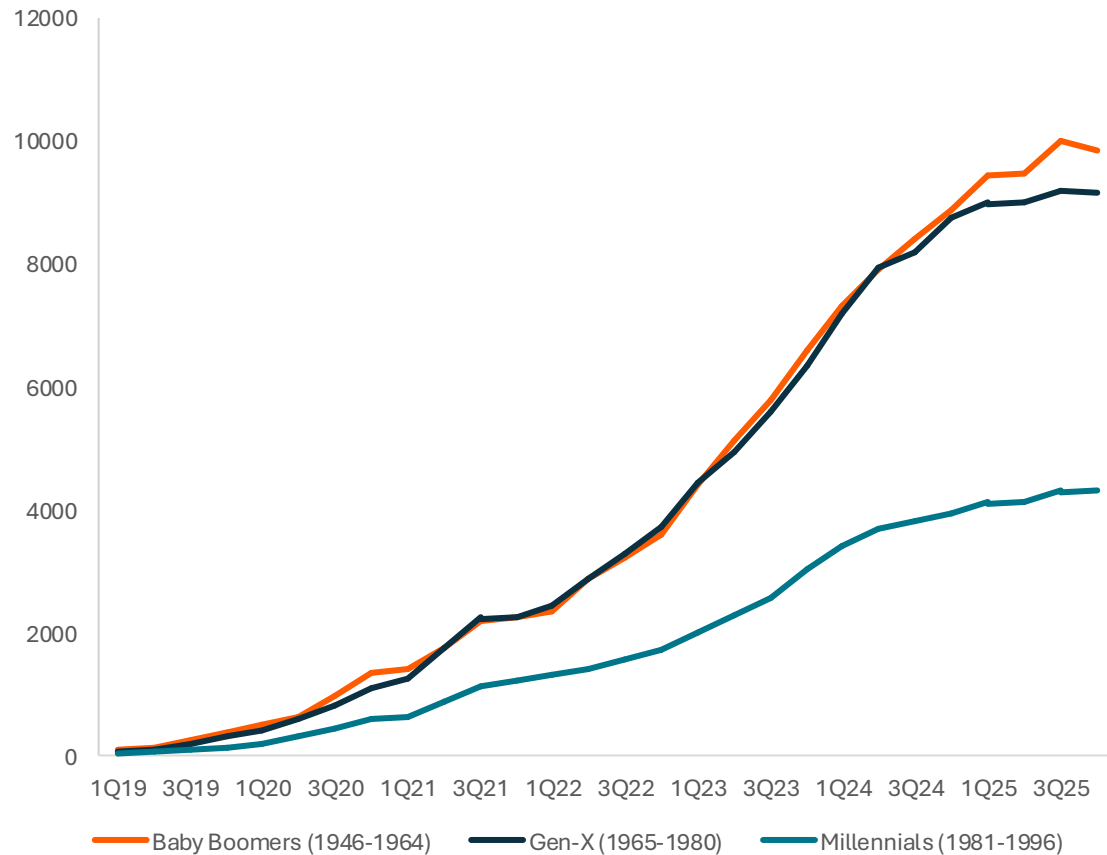
Card Spend



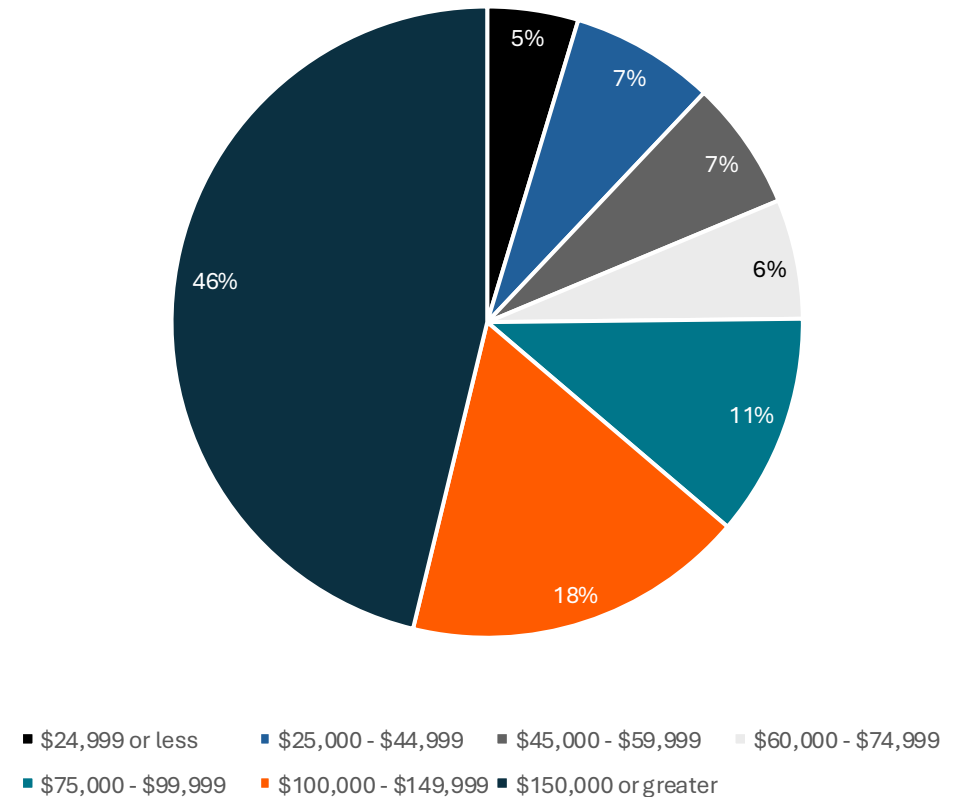
# From Pet Owners to Pet Parents: How Covid Turned Pet Spending Into an Act of Love

Stimulus checks, time at home, and a surge in pet adoptions reframed how consumers think about pet spending - Farmer's Dog spend exploded across all generations and income cohorts. That tailwind is fading: growth is decelerating, most sharply among Millennials. Spend skews high-income, but lower-income contribution is larger than the premium price point implies.

Farmer's Dog Card Spend by Generation



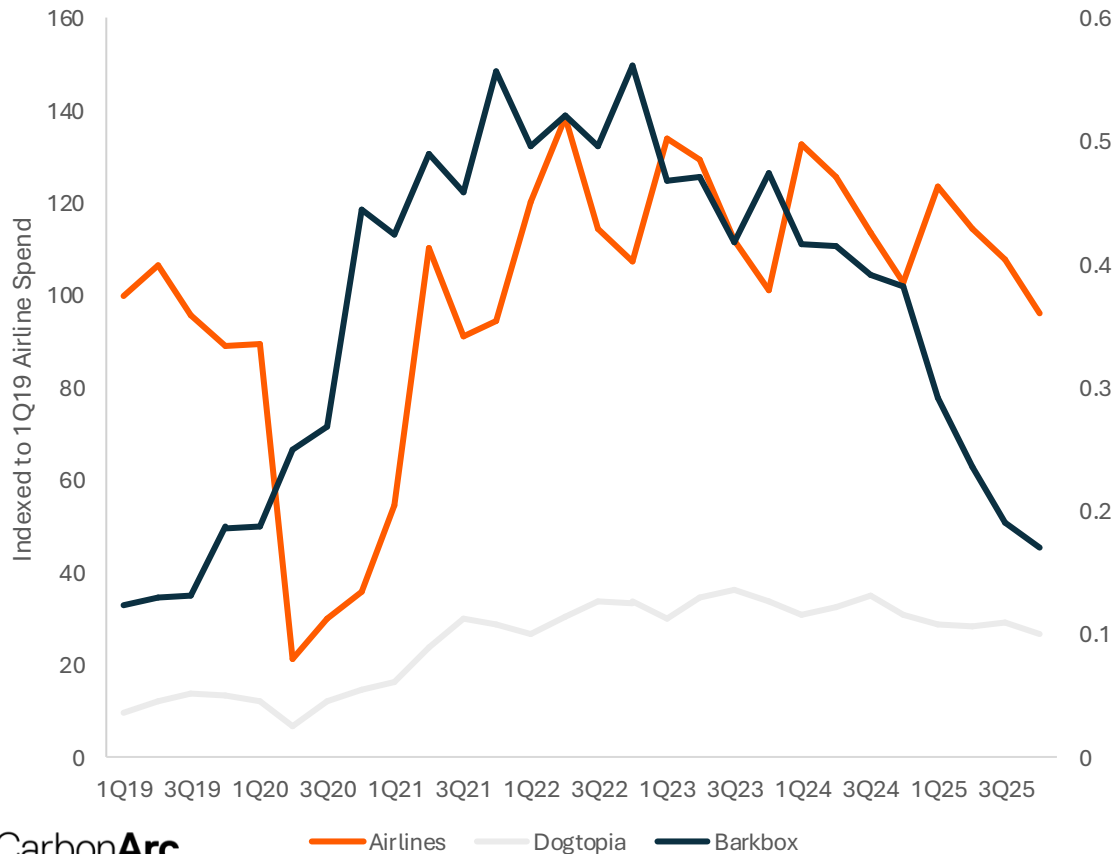
Farmer's Dog 2025 Spend by Income



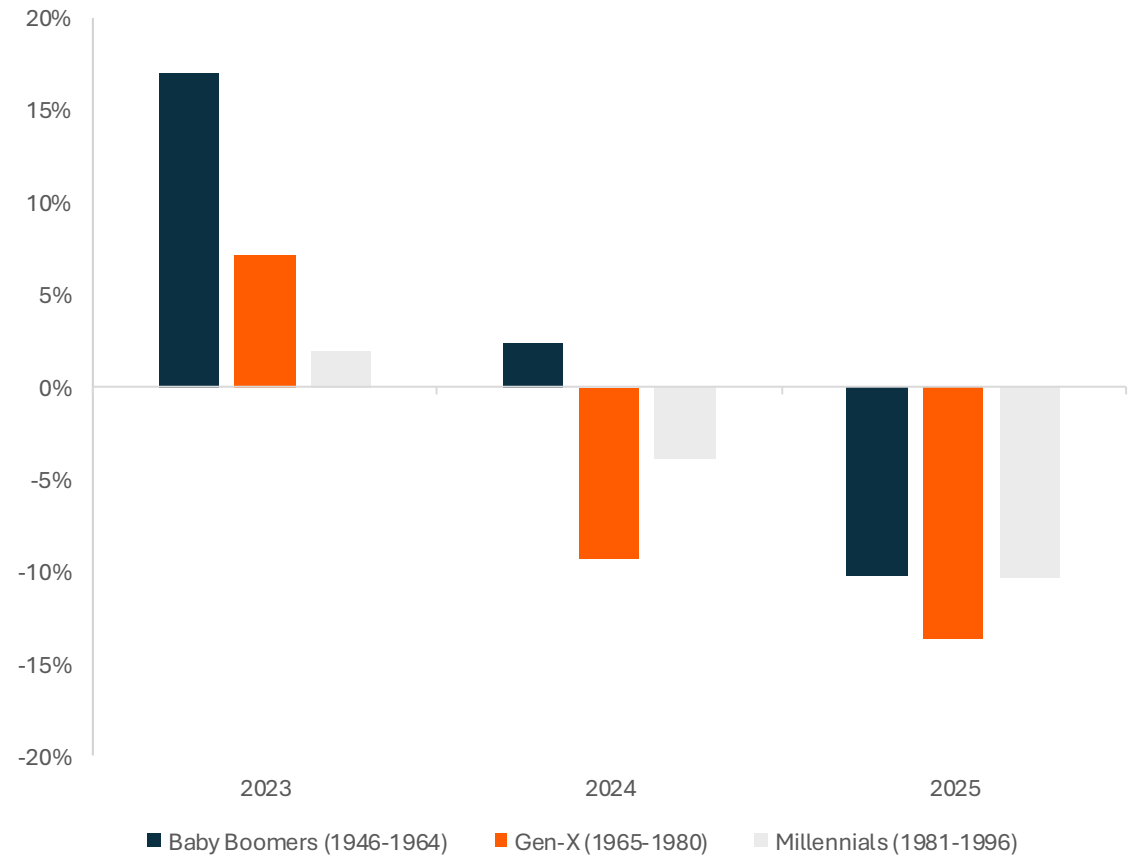
# Pet Spend Tracks Consumer Confidence in Real Time - and the Signal Is Turning

Pet care spending is a real-time read on consumer health. From 2022–2025, Dogtopia’s Y/Y growth closely tracks airline spend (89.9% correlation; 95.8% including COVID). The 2024–2025 deceleration mirrors broader discretionary pullbacks and align with expected cohort sensitivity, with Boomers most insulated - but 2025 weakness is universal.

Card Spend



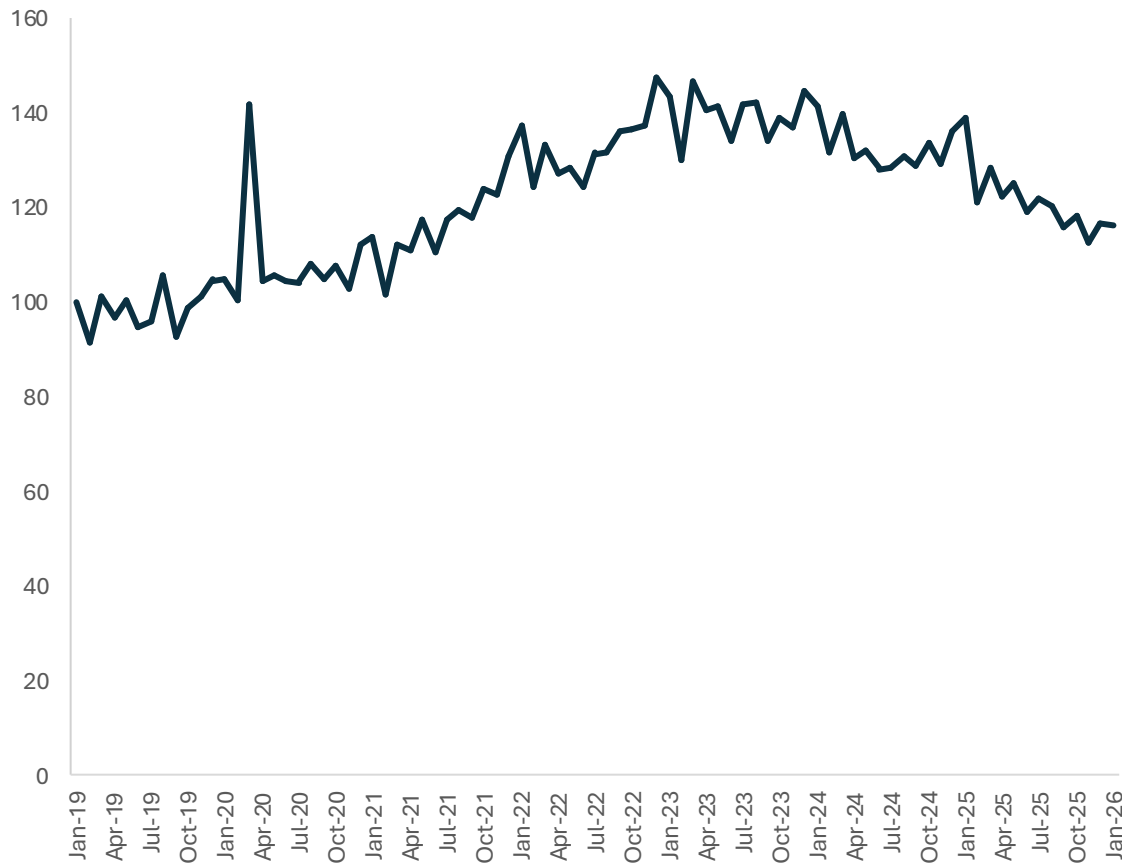
Dogtopia Card Spend Y/Y Growth by Generation



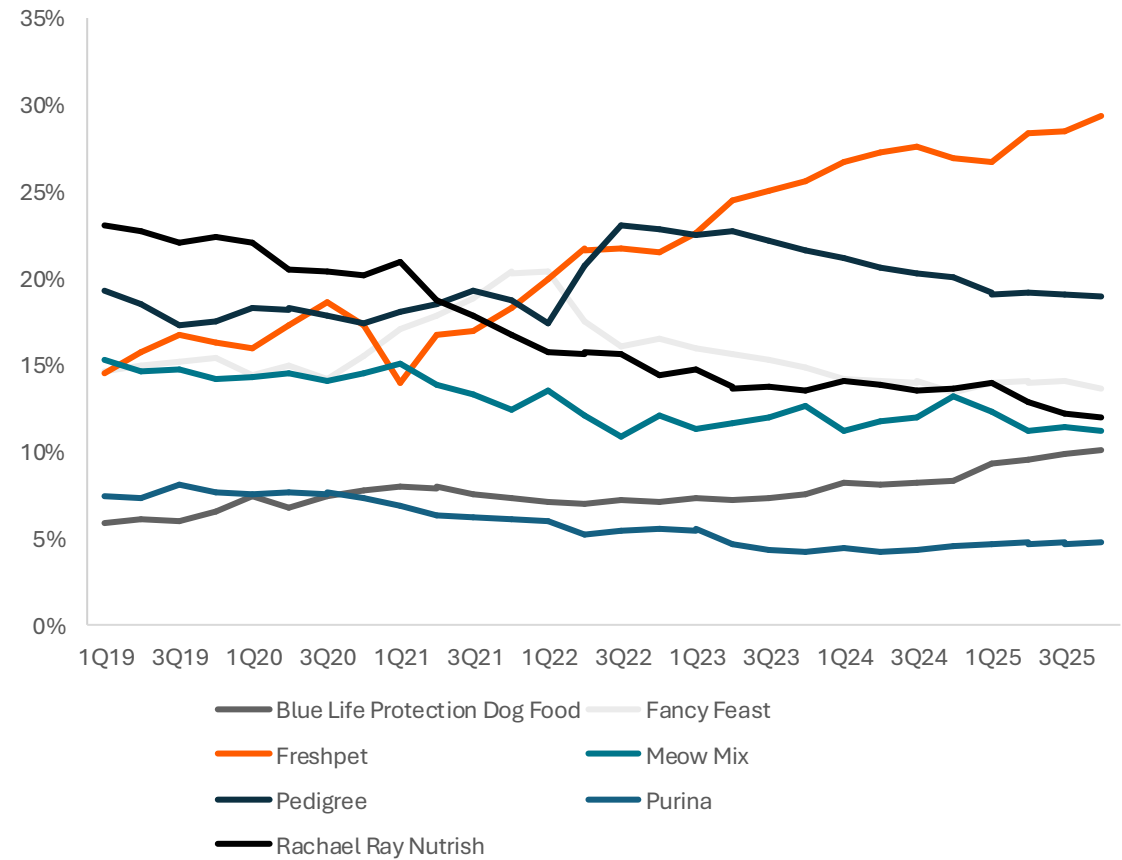
# Freshpet Won the Pet Food Upgrade Cycle - Now Faces a Tougher Consumer

Pet food spend per store climbed steadily through 2023, reflecting a healthy consumer increasingly willing to invest in their pets' wellbeing - a trend Freshpet rode to consistent share gains. The moderation into 2024–2025 points to a more budget-conscious consumer, with category growth settling into a slower cadence.

Pet Food Spend per Store



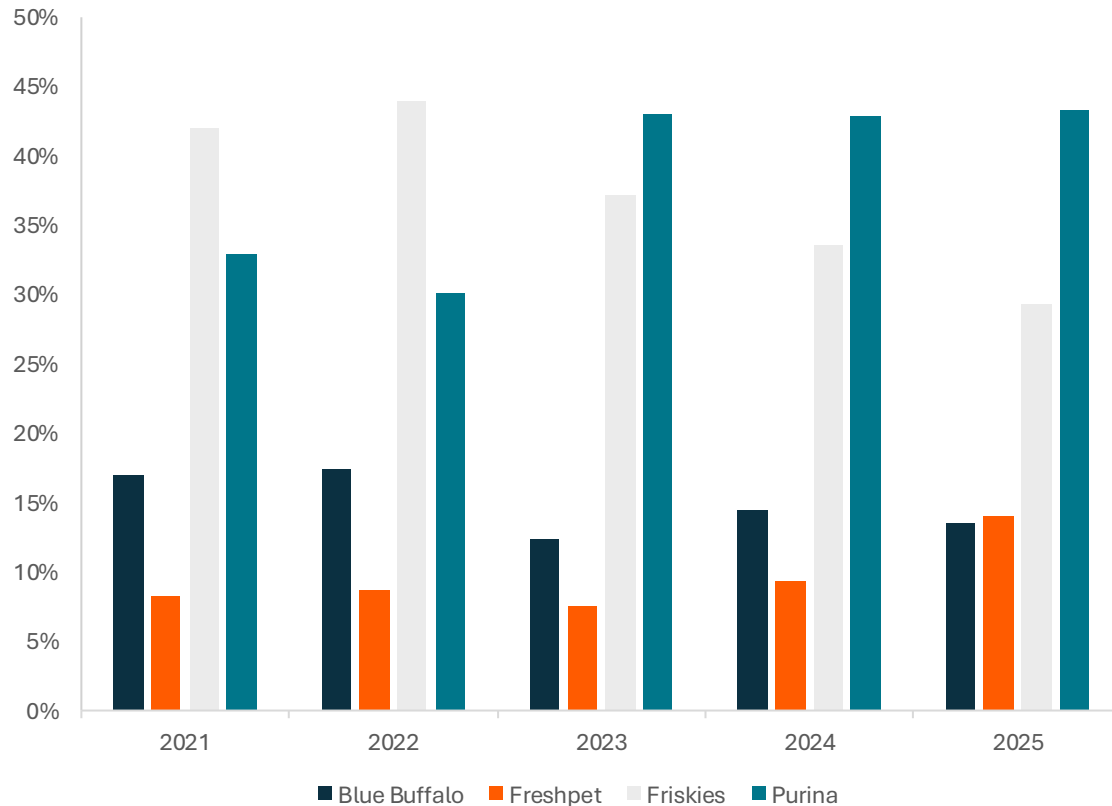
POS Spend per Store Market Share



# Two Forces Are Reshaping Pet Food - Tighter Wallets and Healthier Choices

The pet food aisle is caught between two forces. Purina is consolidating share across income cohorts as budgets tighten. But the health trend is holding: Freshpet's share remains resilient at both ends of the income spectrum, suggesting genuine stickiness in premium pet food even in a tougher consumer environment.

POS - Instore Spend Market Share  
\$49,999 or less



POS - Instore Spend Market Share  
\$250,000 or greater

