CarbonArc

Insights exchange for the model-driven economy

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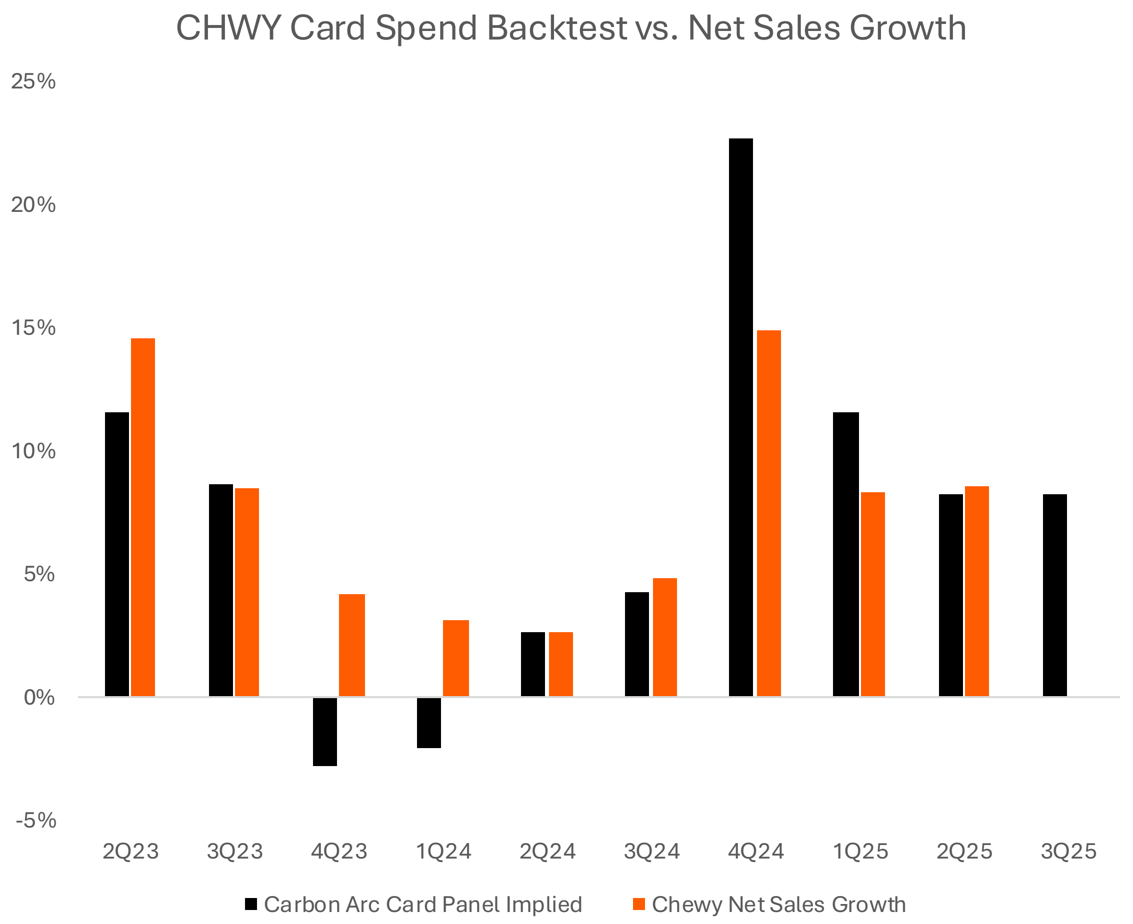
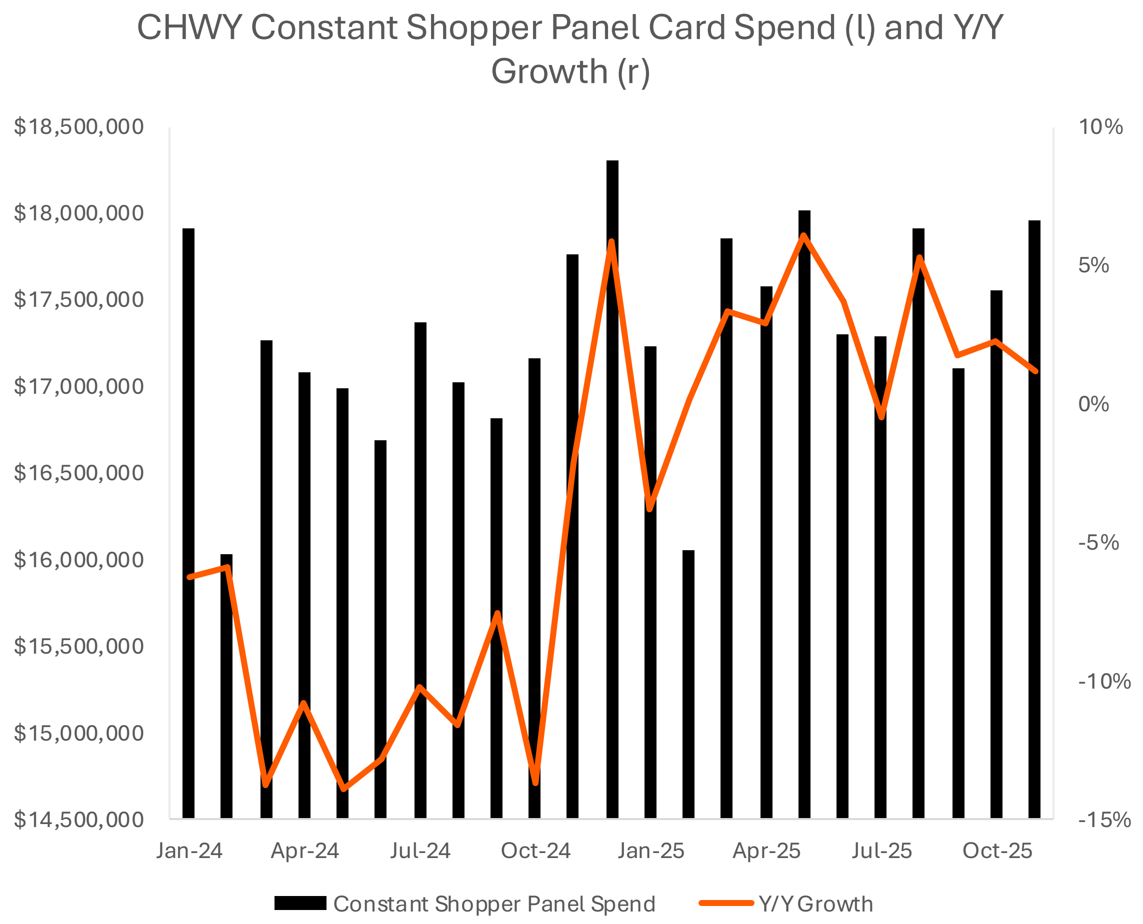
Chewy Maintains Growth and Strong Customer Value as Pet Owners Seek Healthy Food

1. **Chewy credit card spend growth is consistent with 2QFY25** — supported by growth in new customers and transaction frequency — while orders' average dollar amount fell slightly.
2. **November spend momentum is strongest for Chewy**, with Y/Y growth accelerating earlier in the month even as brick-and-mortar spend momentum softened.
3. **Chewy's quarterly spend per customer is double that of other retailers,** yet still trails smaller online DTC food brands – and that gap is widening.
4. **Chewy and Petco are gaining market share in the veterinary space but remain under 1%** even as Mars Petcare's VCA Animal Hospitals loses significant share.
5. **PetSmart is posting steady gains in spend share and digital engagement**, leading peers in app usage and holding web traffic share as Chewy pulls customers away from Petco.
6. **Chewy and Petco are experiencing slowing digital ad momentum,** maintaining growth on Facebook but sharply reducing YouTube ad spending.
7. **Freshpet is rapidly gaining in-store market share** as higher-income consumers lead a drive towards more expensive, health-focused pet foods.

Chewy Card Spend Growth Remains Consistent with 2Q, Weaker in Sept-Nov

Carbon Arc's Credit Card – US Complete data asset suggests CHWY grew +8.2% Y/Y with a wider margin of error, in-line with management guidance of +7-8% Y/Y growth. Y/Y growth slowed in September-November after a stronger August.





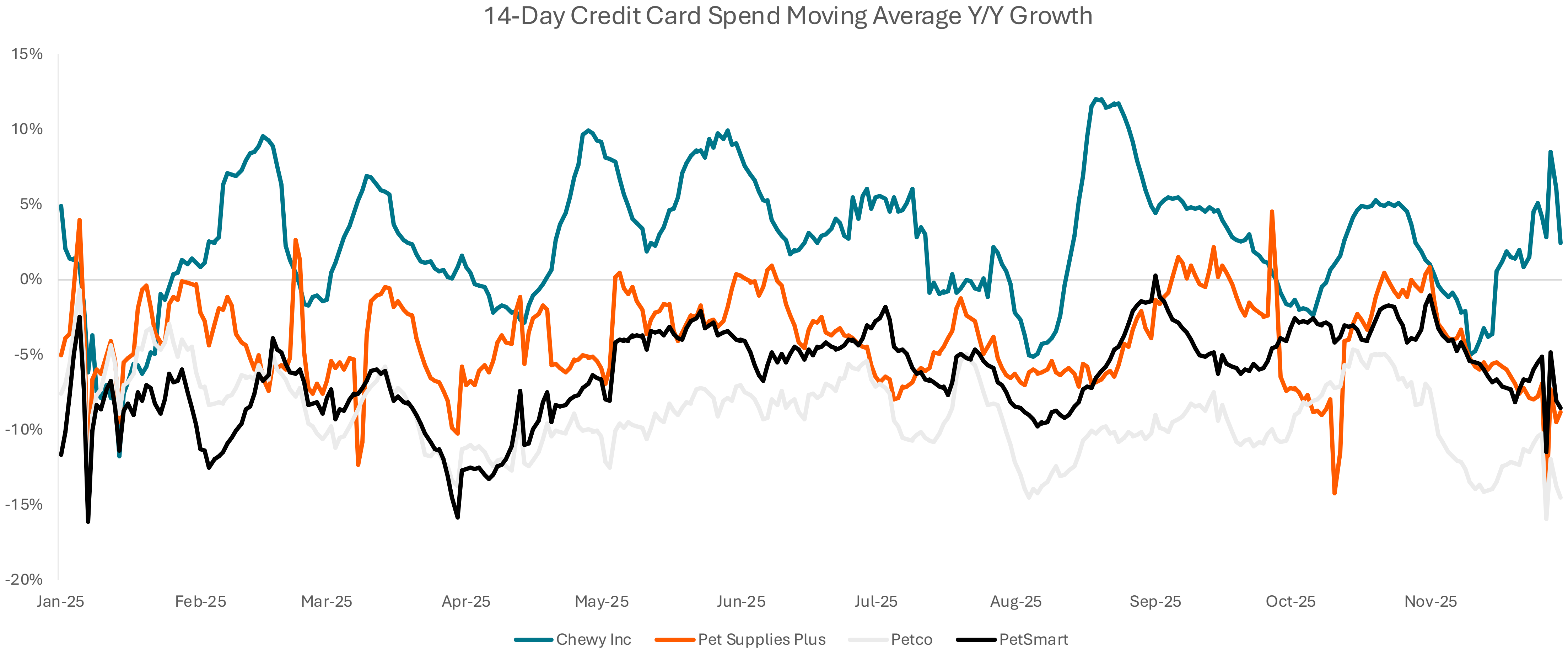
CarbonArc

Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 5.95 Tokens

Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 4.99 Tokens

Chewy Momentum Grows Into the Holiday Season as Brick-and-Mortar Weakens

Following deceleration into the fall and again into the end of 3Q, Chewy card spend surged Y/Y in November even as spend growth declined for the largest brick-and-mortar pet retailers. Since May, spend at Petco has failed to keep up with PetSmart and Pet Supplies Plus, as management closes stores and attempts a strategic turnaround.



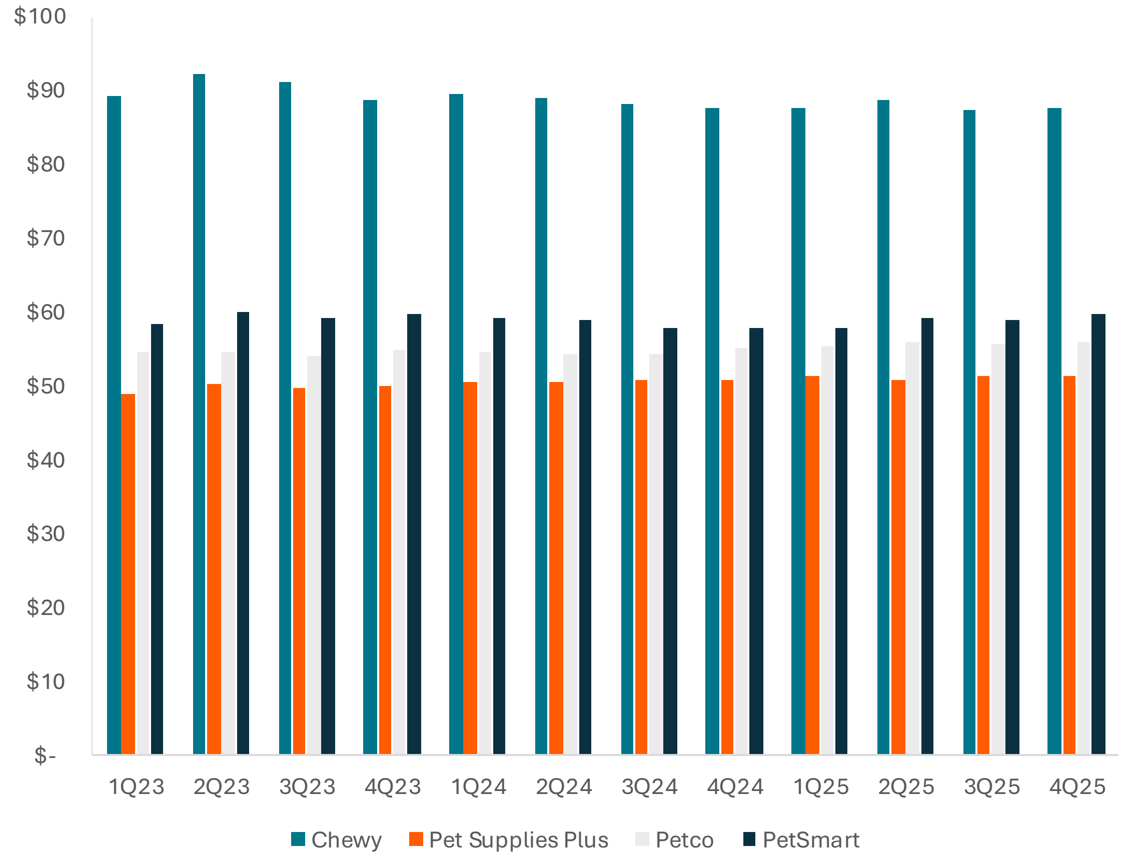
CarbonArc

Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 18.74 Tokens

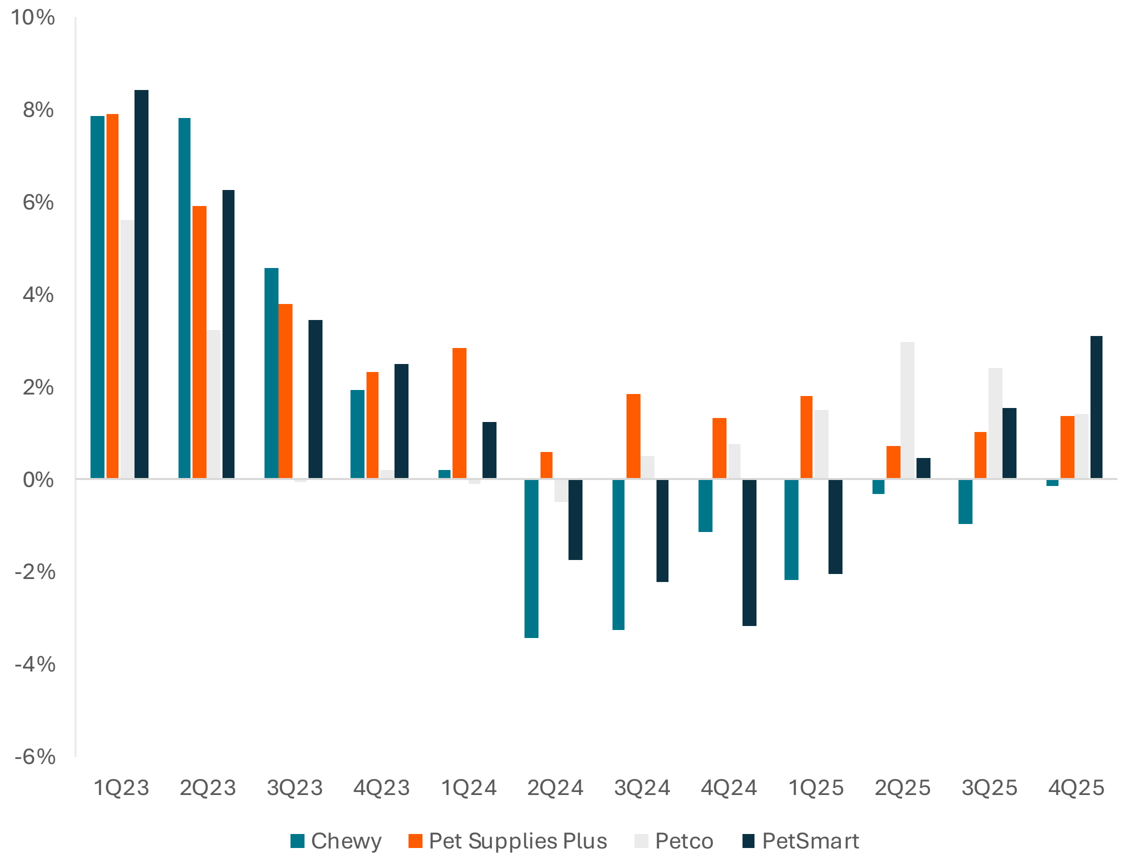
Chewy Has a Substantial Lead in Ticket Size, but is Shrinking Y/Y

At ~$90 per transaction, Chewy has a much larger ticket size than brick-and-mortar pet retailers, but ticket size has deflated Y/Y for seven consecutive quarters, in contrast to low-single-digit growth at Pet Supplies Plus and Petco, and a recovery at PetSmart.

Pet Retailer Average Ticket Size by Calendar Quarter



Average Ticket Size Y/Y Growth



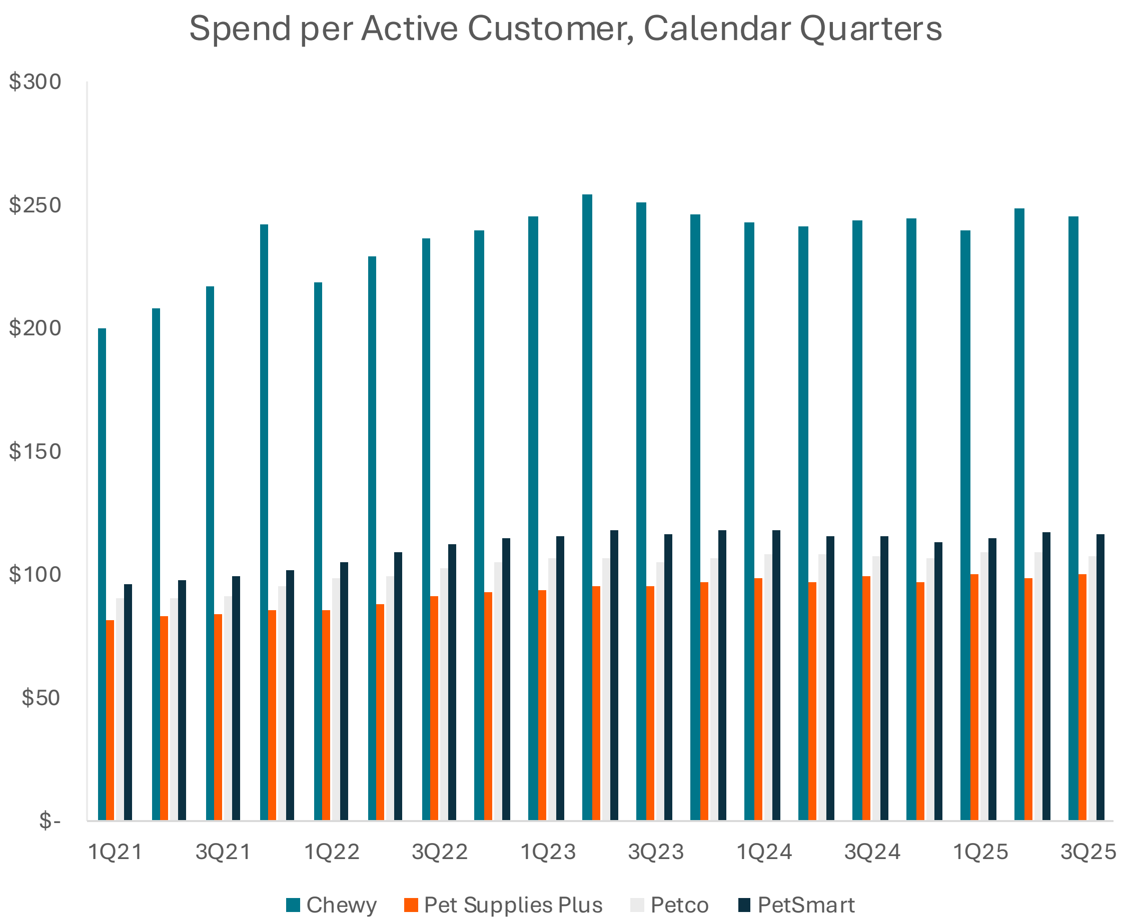
CarbonArc

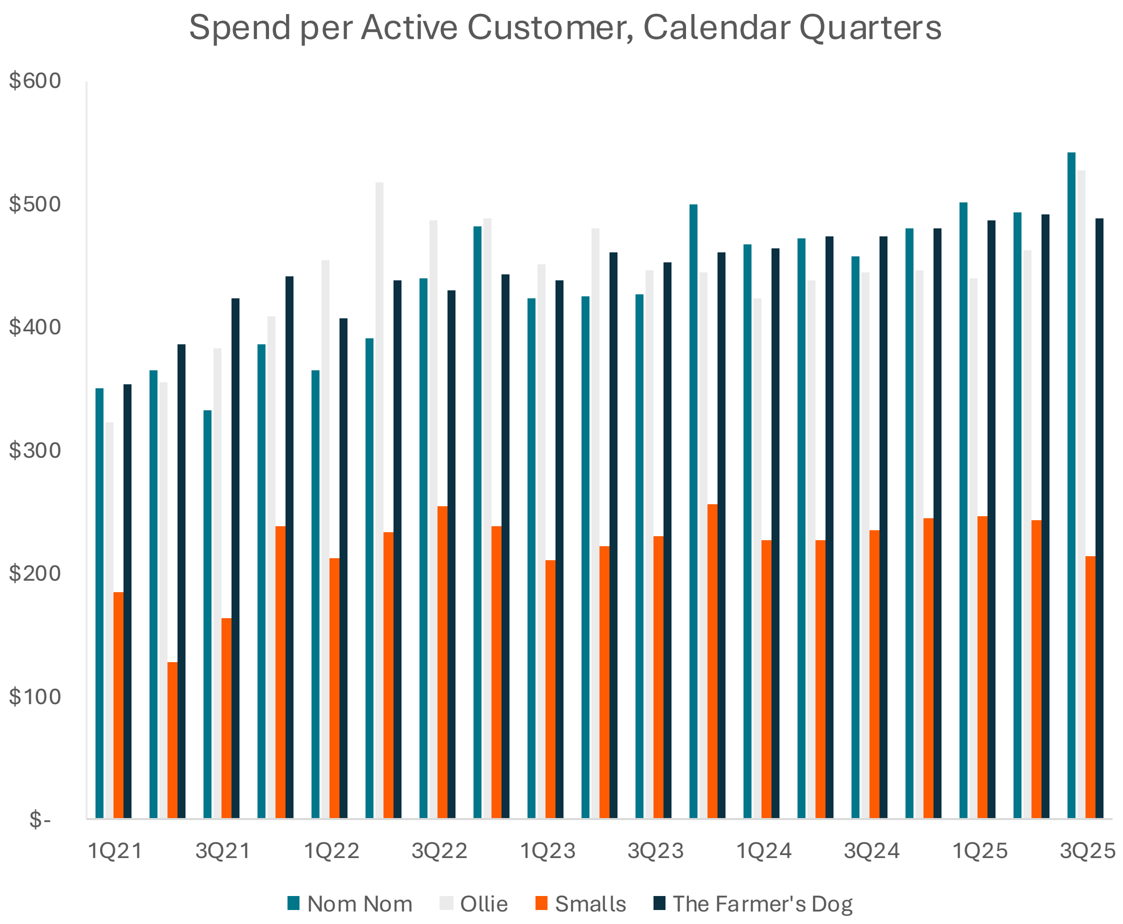
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 28.51 Tokens

Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 38.19 Tokens

Spend per Active Customer is Stronger at DTC Brands

Chewy's lead is even more pronounced on a quarterly spend-per-active-customer basis, where its year-over-year growth matches or exceeds that of other major retailers despite slower ticket growth. However, smaller DTC pet-food brands still generate significantly higher spend per active customer and are growing it faster than retailers.





CarbonArc

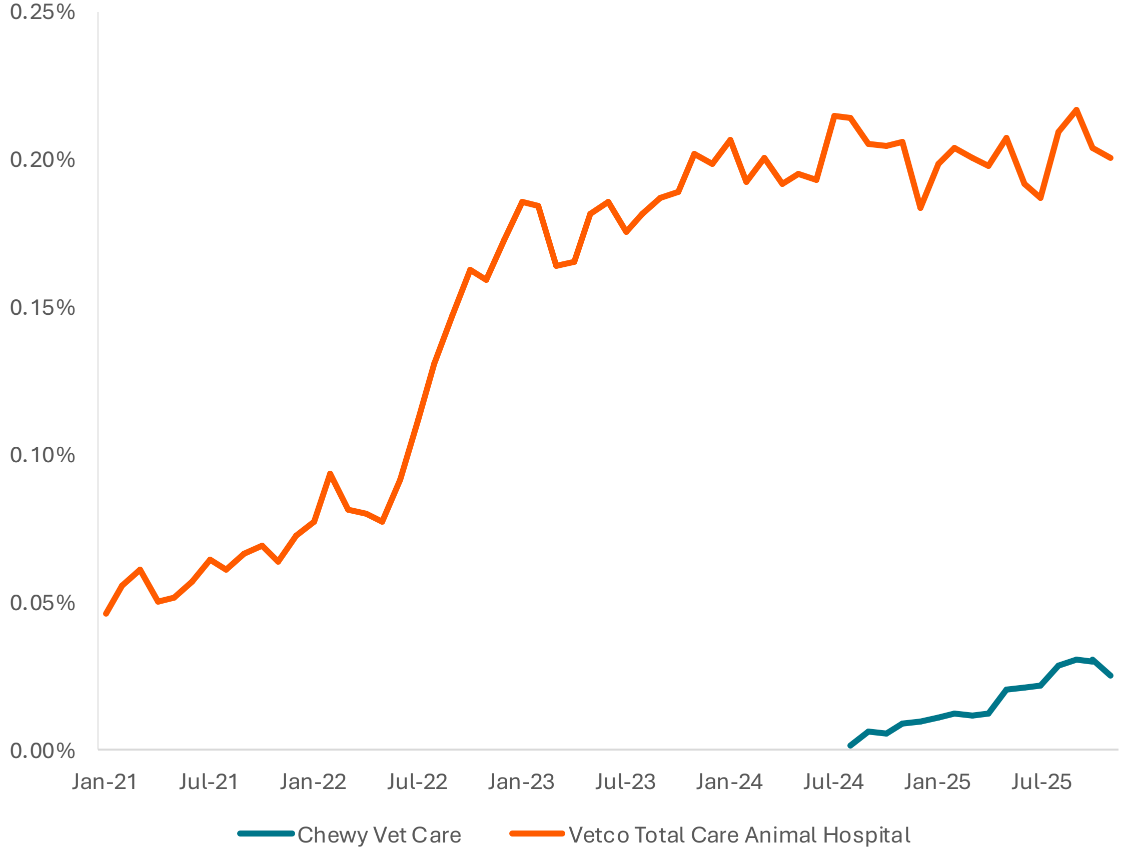
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: Requires row-level bulk data access, available on request

Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: Requires row-level bulk data access, available on request

Chewy and Petco Are Gaining Share in Veterinary Care

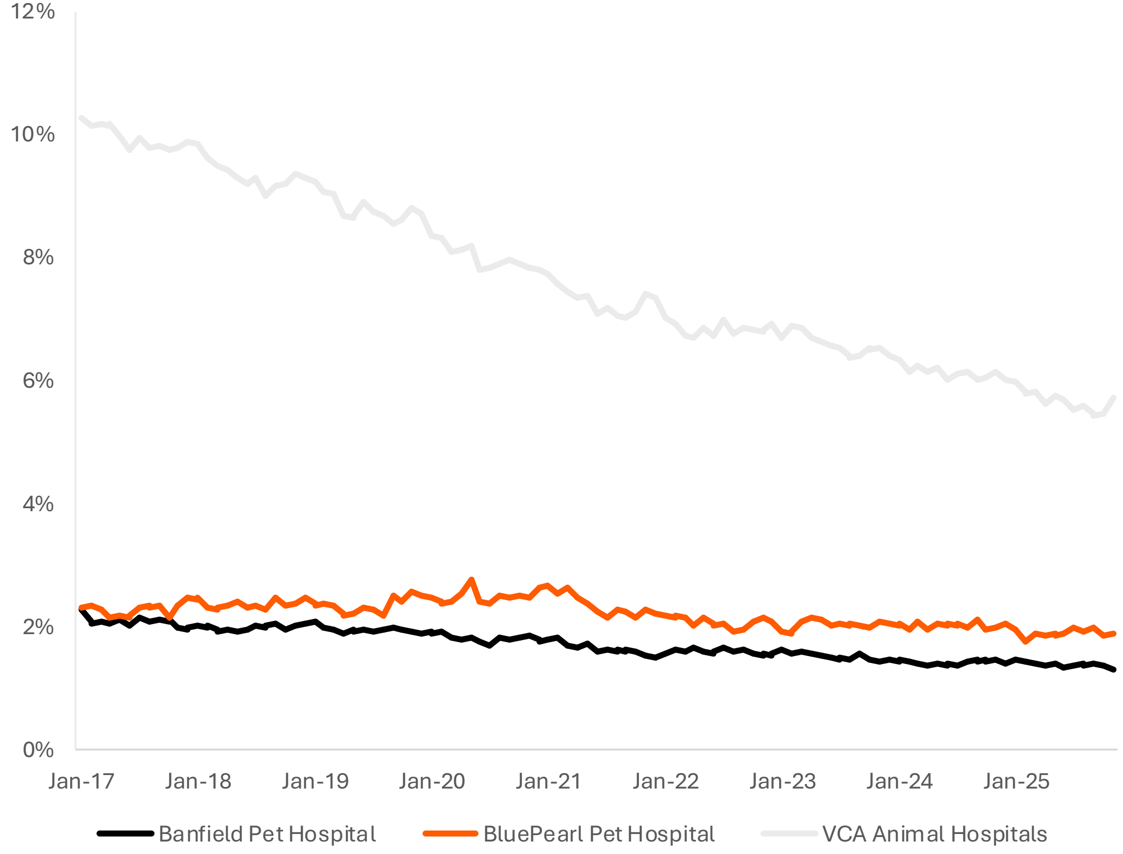
Chewy launched its Chewy Vet Care brand in early 2024 and has gradually gained market share with 16 locations now open. Petco's veterinary business (Vetco) expanded significantly in 2022-23 and reached an all time high in September 2025 despite slowing share growth.

Market Share of Retailer-Affiliated Vet Care



Source: Carbon Arc Credit Card – Health Spend – CA0058
Price: Requires row-level bulk data access, available on request

Market Share Declines for Major Veterinary Chains



Source: Carbon Arc Credit Card – Health Spend – CA0058
Price: Requires row-level bulk data access, available on request

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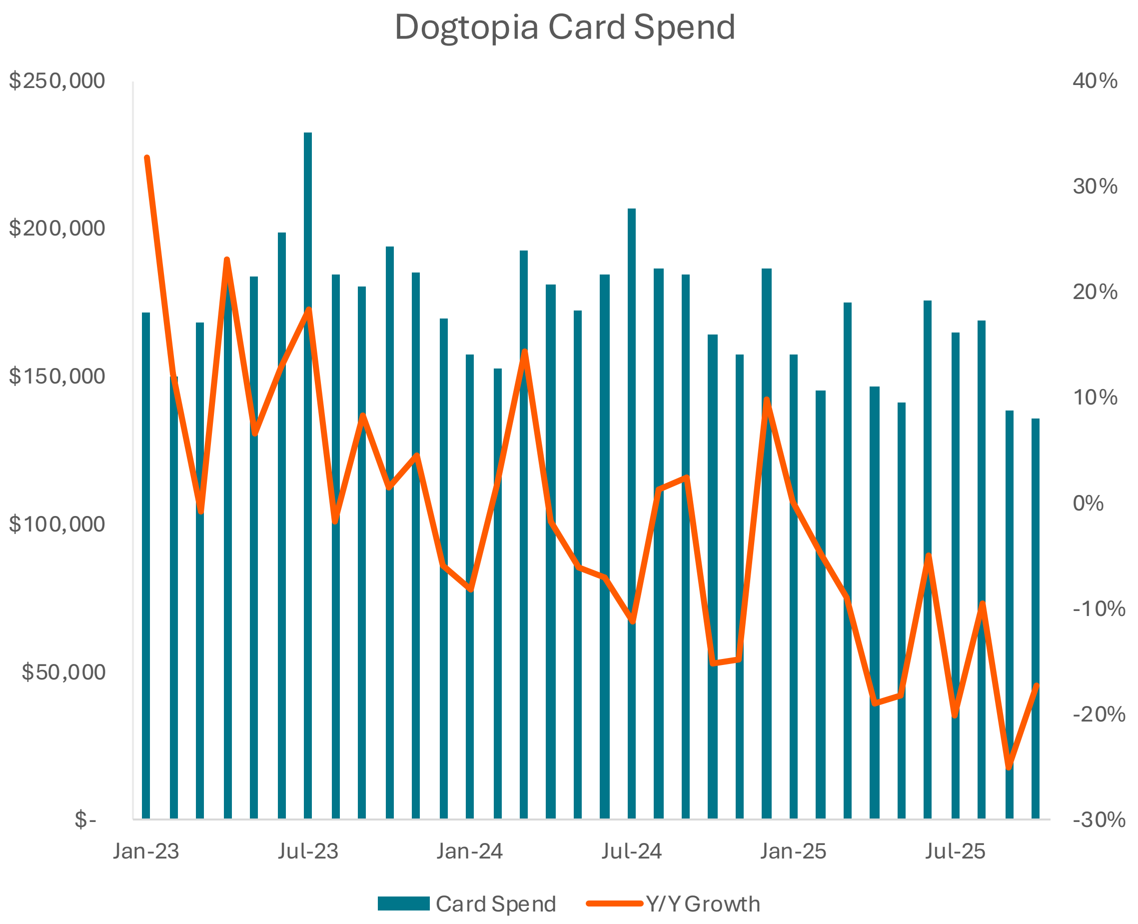
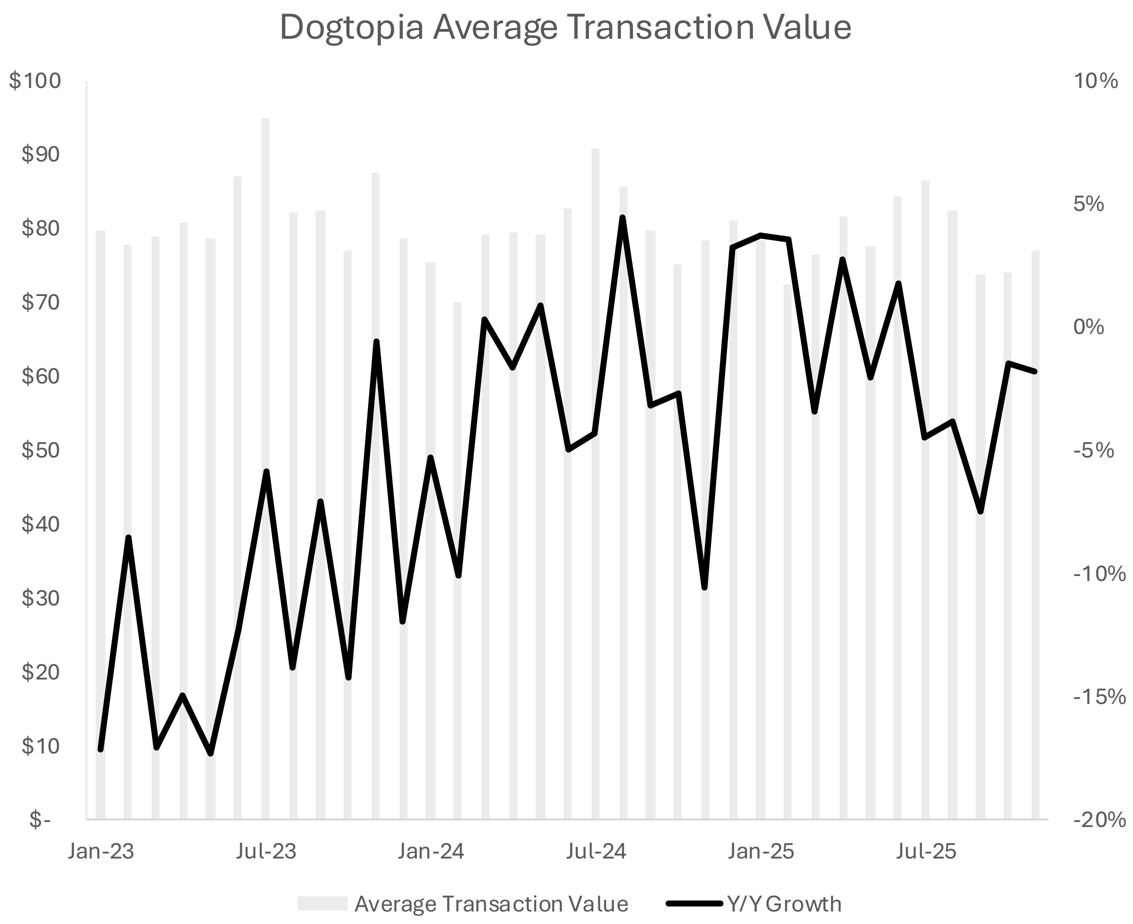
Dogtopia Demonstrates Weakness in Discretionary Pet Care

Using Dogtopia as a proxy for spend on discretionary pet care suggests consumers have been tightening their wallets in 2025 even as spend on pet food continues to increase. Fewer transactions and lower transaction values have driven spend to its lowest monthly levels since 2022.





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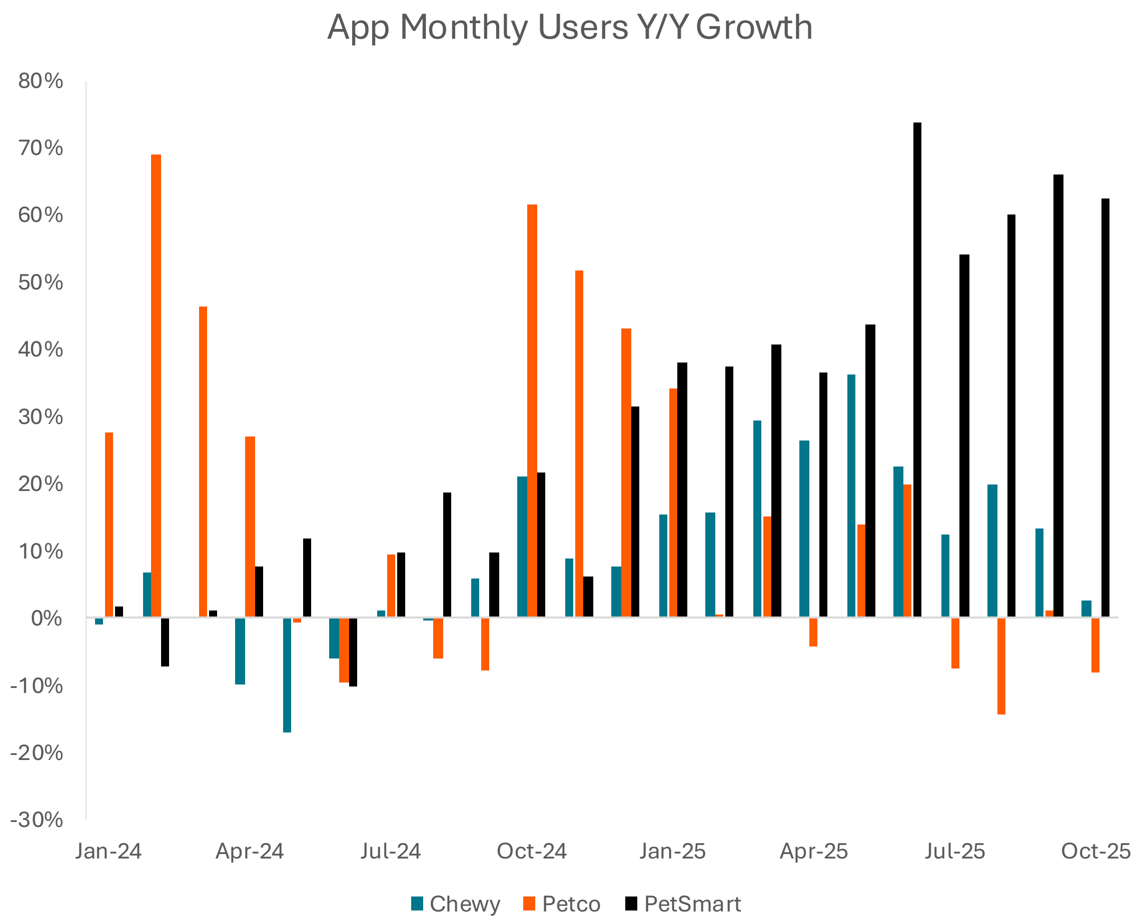
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 6.33 Tokens

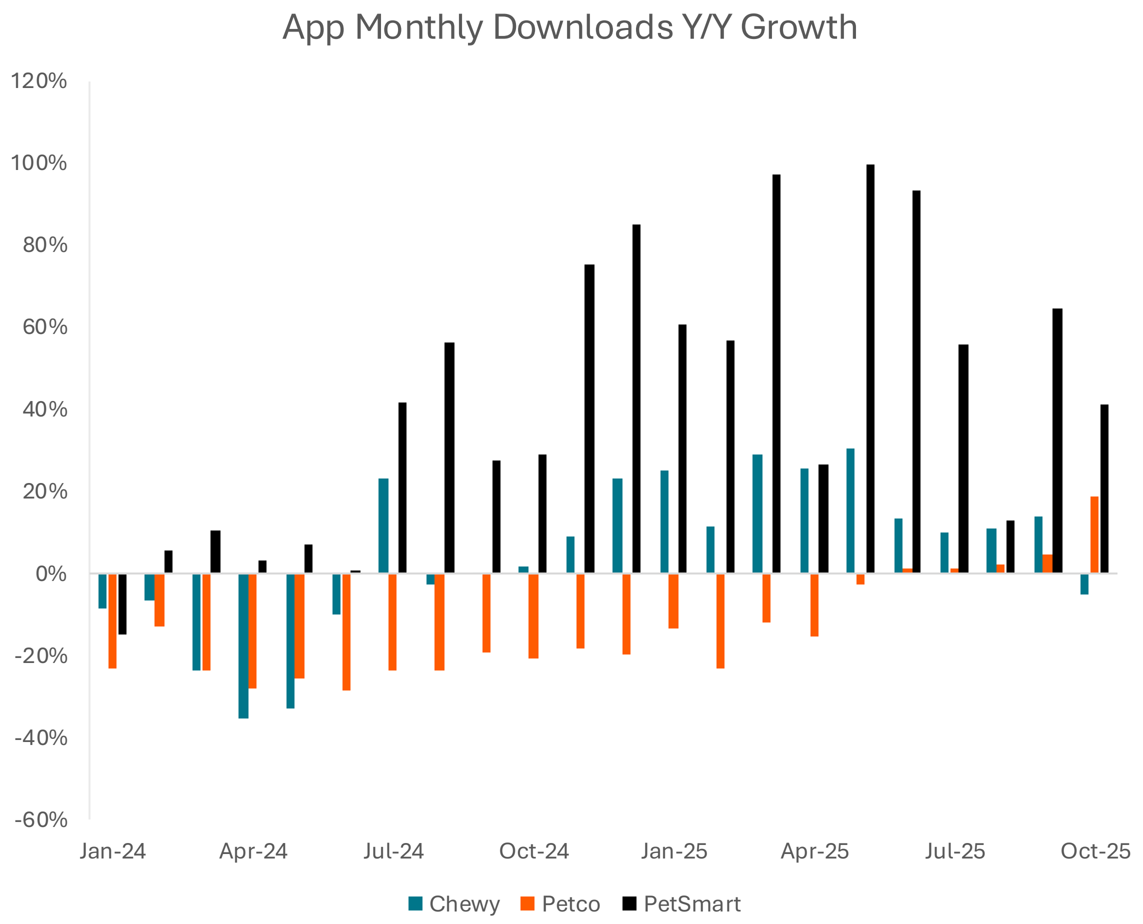
Source: Carbon Arc Credit Card – US Complete Panel – CA0056
Price: 12.66 Tokens

App Engagement Growth Fastest for PetSmart, Slowing for Chewy

Chewy app downloads and usage growth slowed in 3Q to a 1-year low in October, following 12 months of solid growth. PetSmart's app engagement is growing much more quickly and could be driving spend gains vs. Petco, which has shown mixed app performance in 2024 and 2025.



Source: Carbon Arc – Mobile App – CA0013
Price: 4.99 Tokens



Source: Carbon Arc Mobile App – CA0013
Price: 4.99 Tokens

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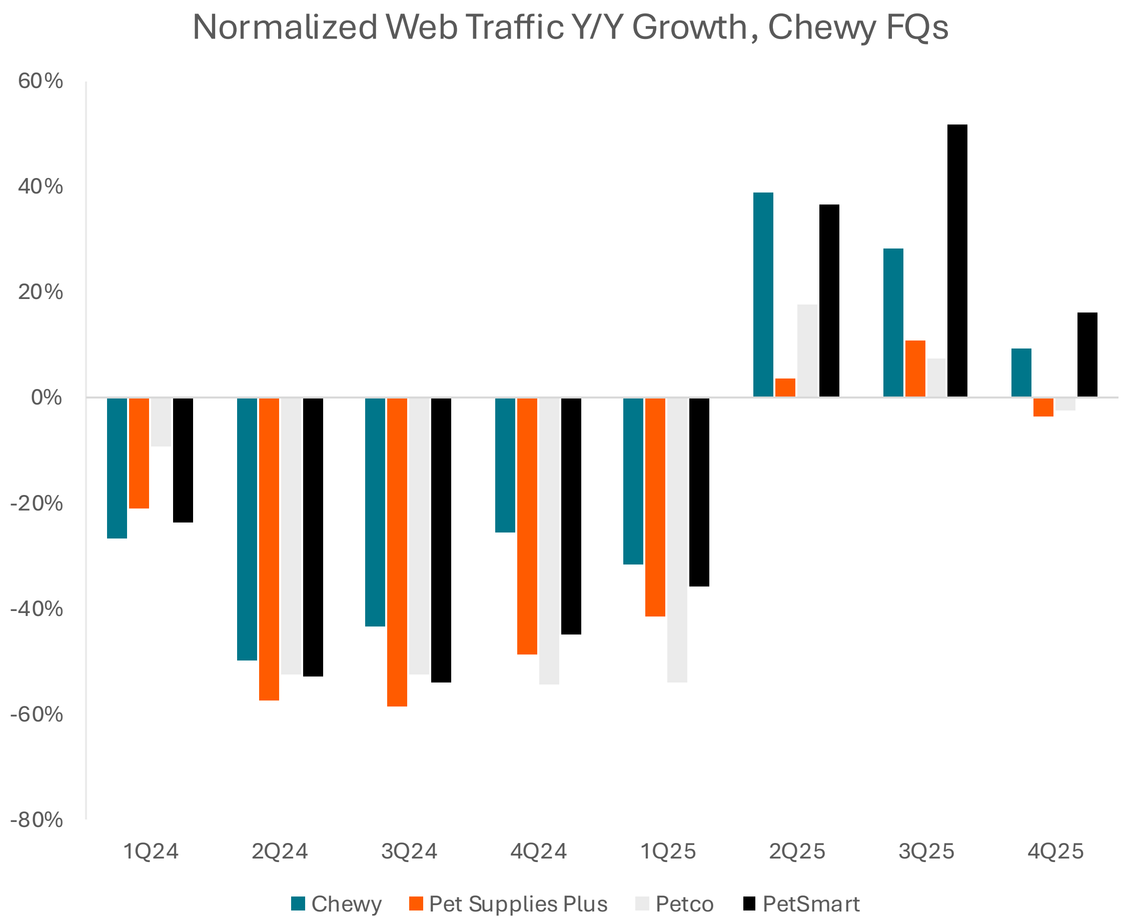
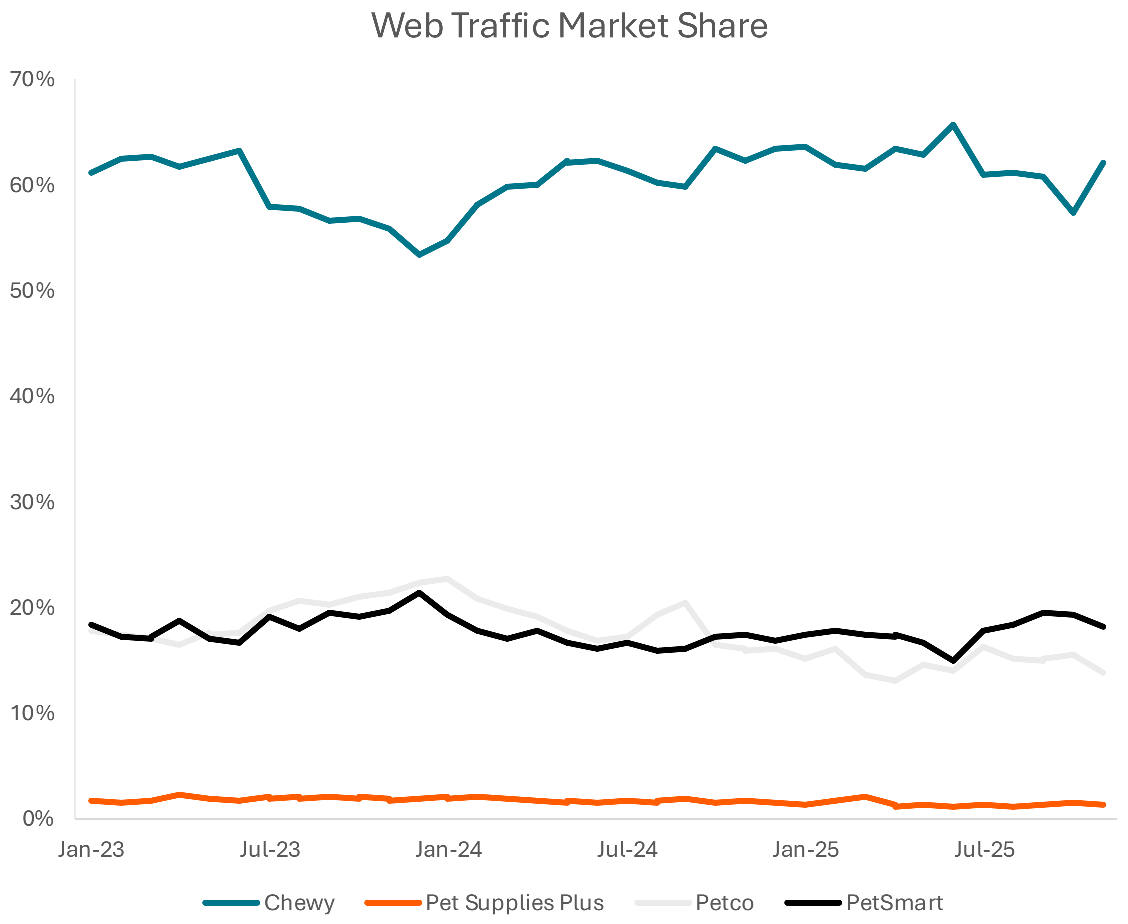
Web Traffic Growth Consistently Strongest for Chewy but Shifting Towards PetSmart

Chewy dominates web traffic market share amongst major pet retailers and continued to gain share in 2024 and early 2025. Similar to app engagement, PetSmart is outperforming Petco in web engagement, holding share and outgrowing other retailers in Chewy's 3QFY25.





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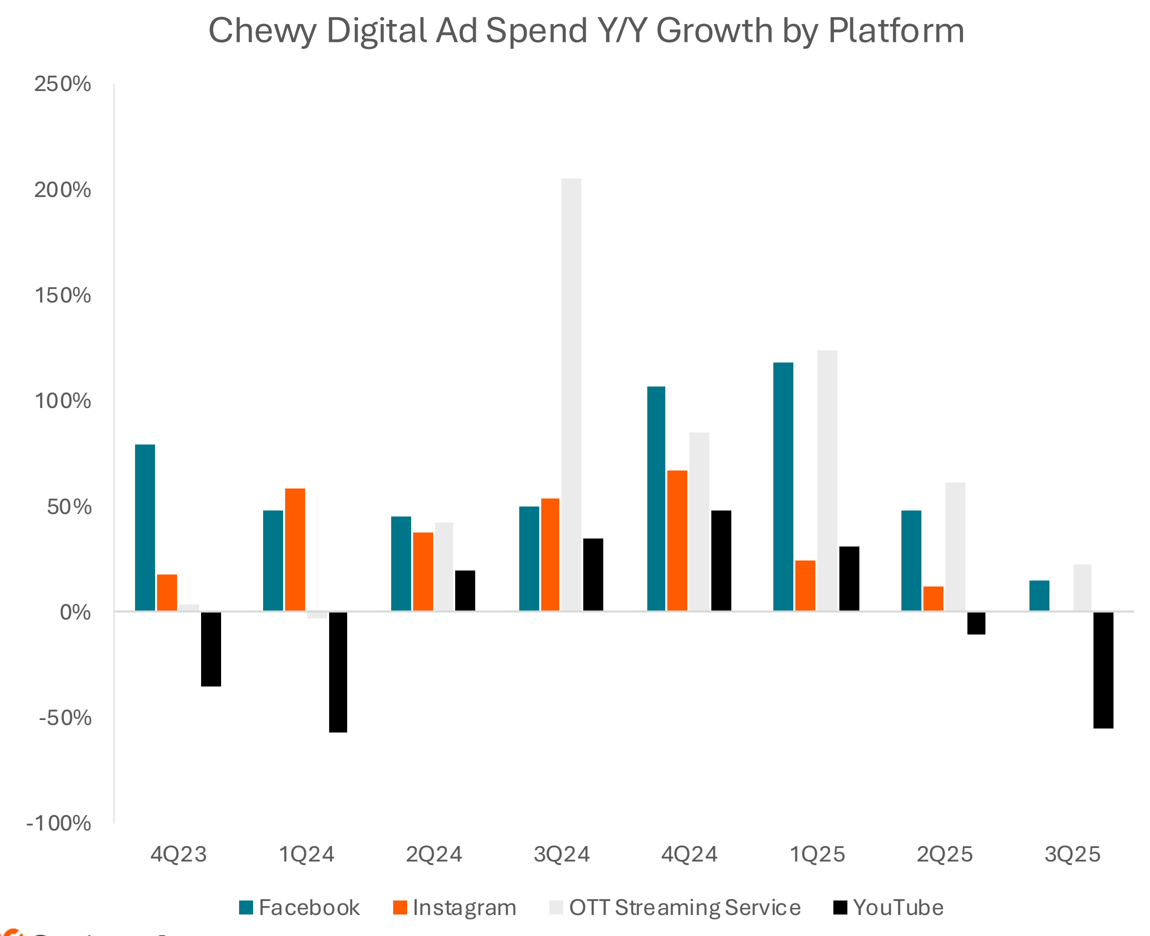
Source: Carbon Arc Clickstream – CA0030
Price: 12.84 Tokens

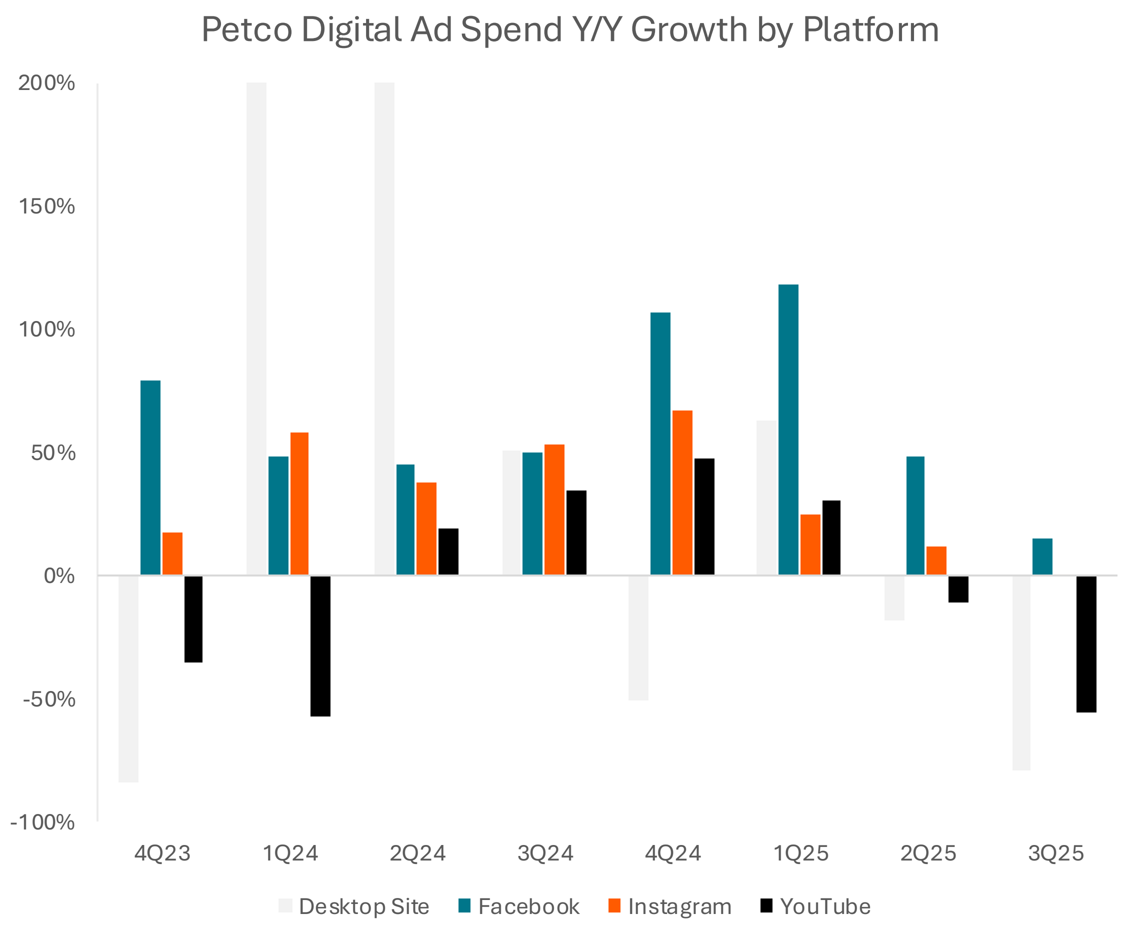
Source: Carbon Arc Clickstream – CA0030
Price: 8.85 Tokens

Digital Ad Spend Momentum Decreasing for Chewy and Petco

Both Chewy and Petco have substantially slowed digital advertising spend momentum, particularly on YouTube (and, for Petco, on desktop sites), following significant digital ad investments in 2024. While Petco is reducing expenses to focus on profitable growth, Chewy's decreased spend comes outside any announced strategic changes.



Source: Carbon Arc Digital Advertising – CA009
Price: 5.48 Tokens



Source: Carbon Arc Digital Advertising – CA009
Price: 5.48 Tokens

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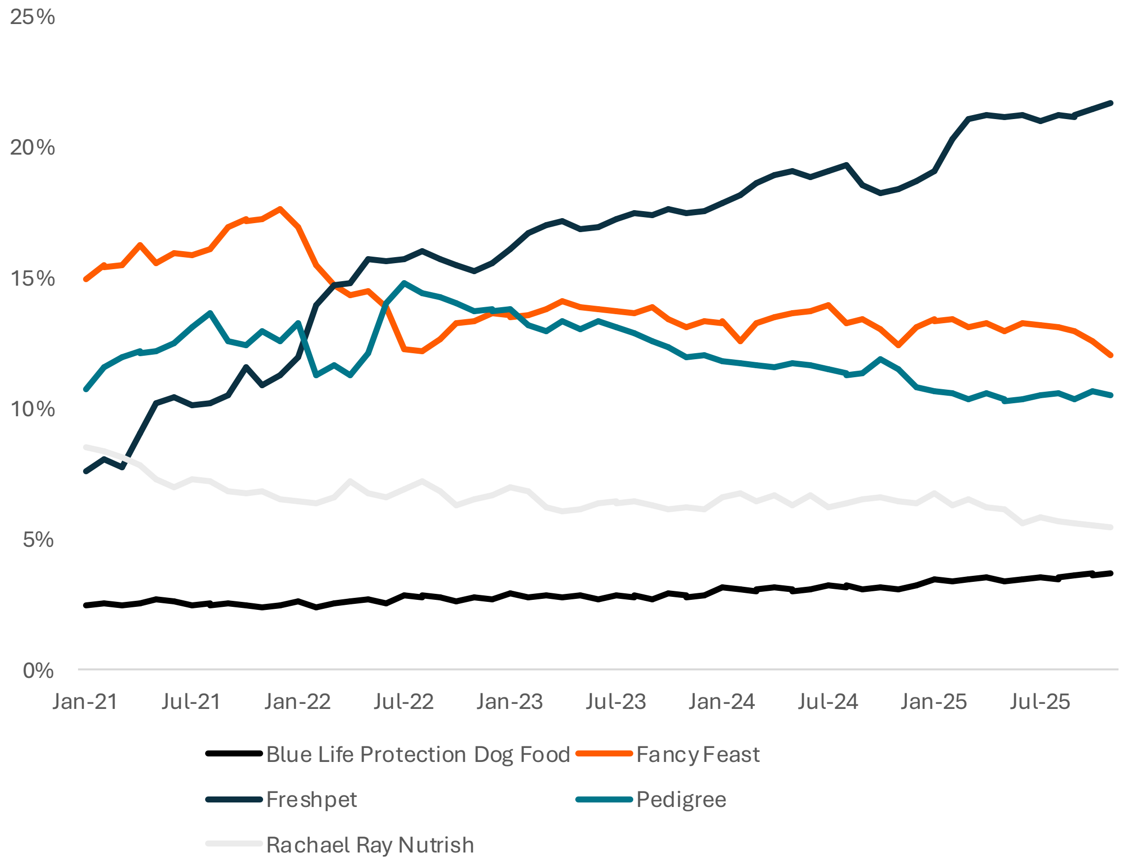
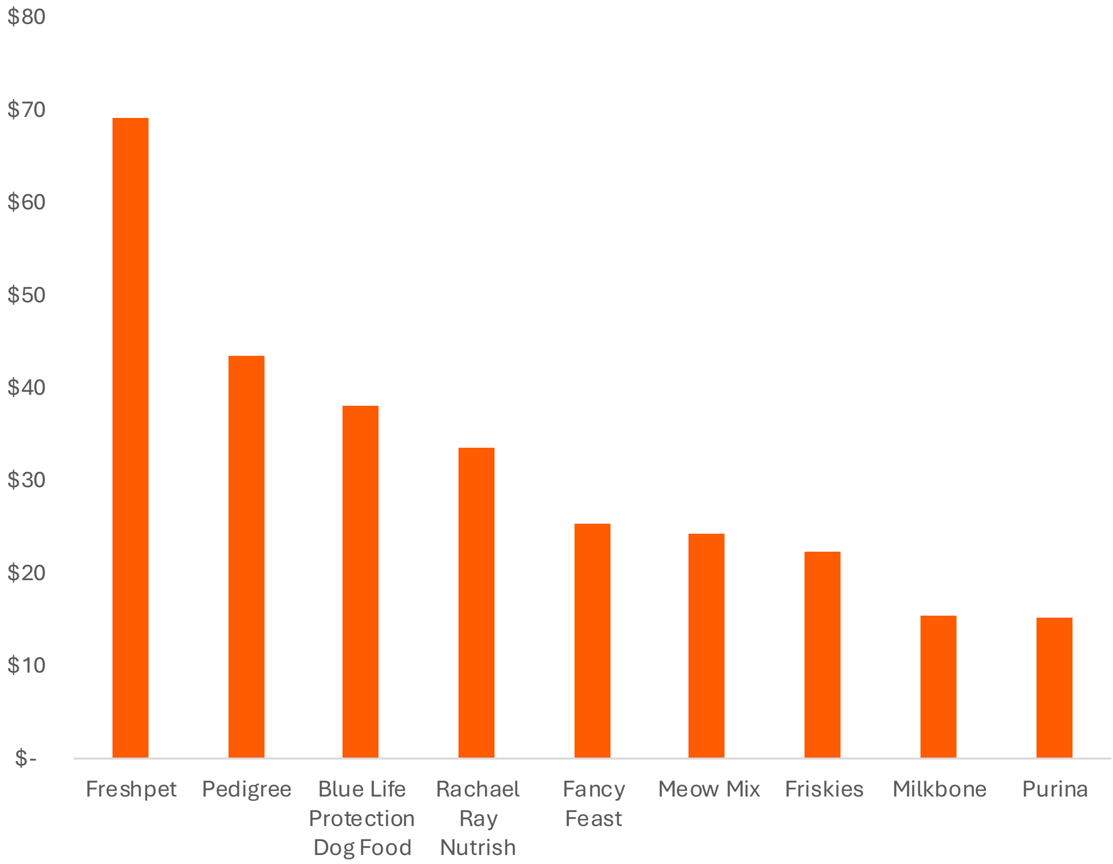
Freshpet Rapidly Growing Market Share Despite High Costs

Since 2021, Freshpet has more than doubled its market share in Carbon Arc's POS-Supermarket data asset, despite consumers spending nearly $70 per transaction in November 2025, substantially more than for any other pet brand. Blue Life Protection, a line of Blue Buffalo, has made modest gains, while many mainstream brands have seen share declines.

Pet Food POS Spend Market Share



November 2025 POS Spend Per Transaction



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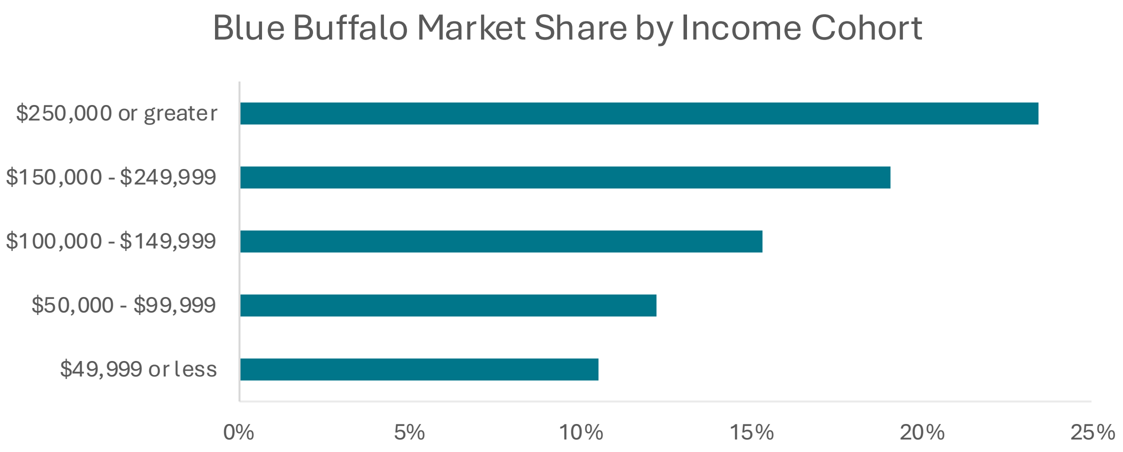
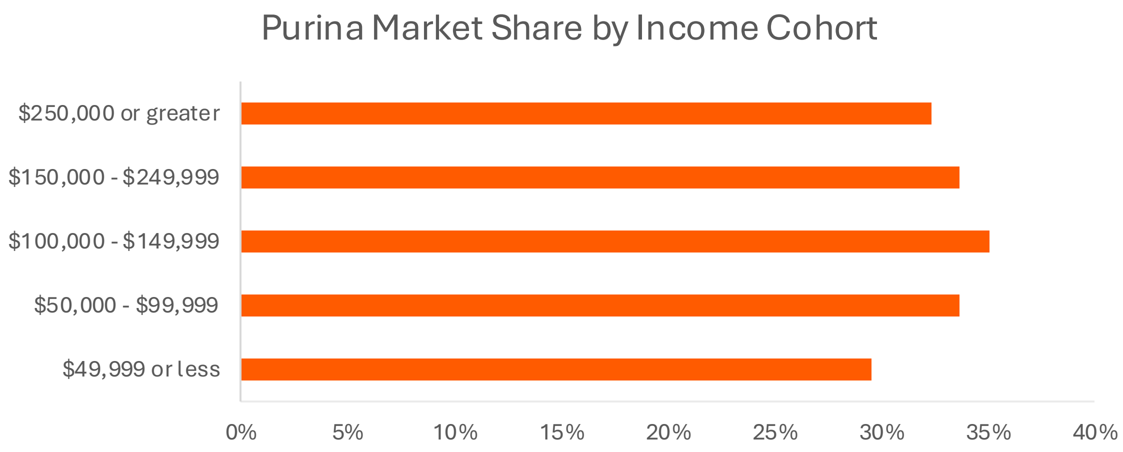
Source: Carbon Arc POS – Supermarket – CA0047
Price: 2704.86 Tokens

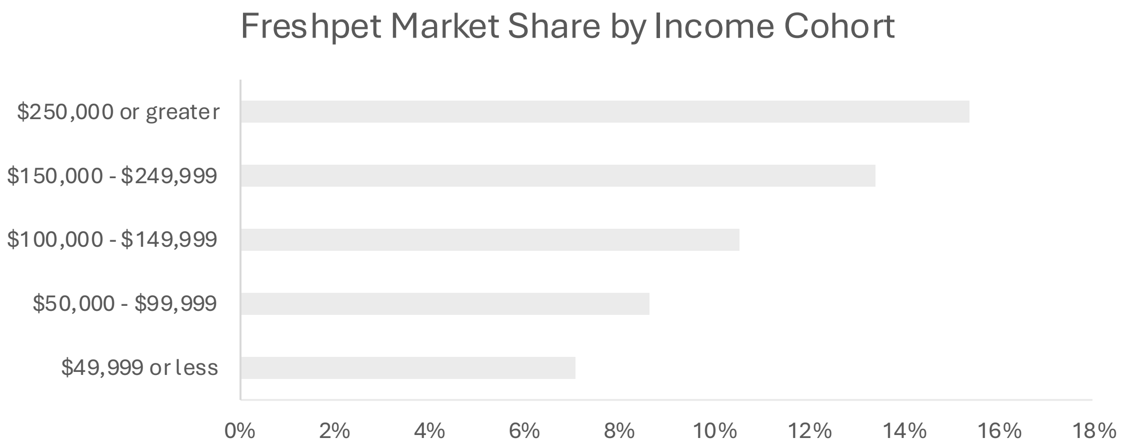
Source: Carbon Arc POS – Supermarket – CA0047
Price: 135.70 Tokens

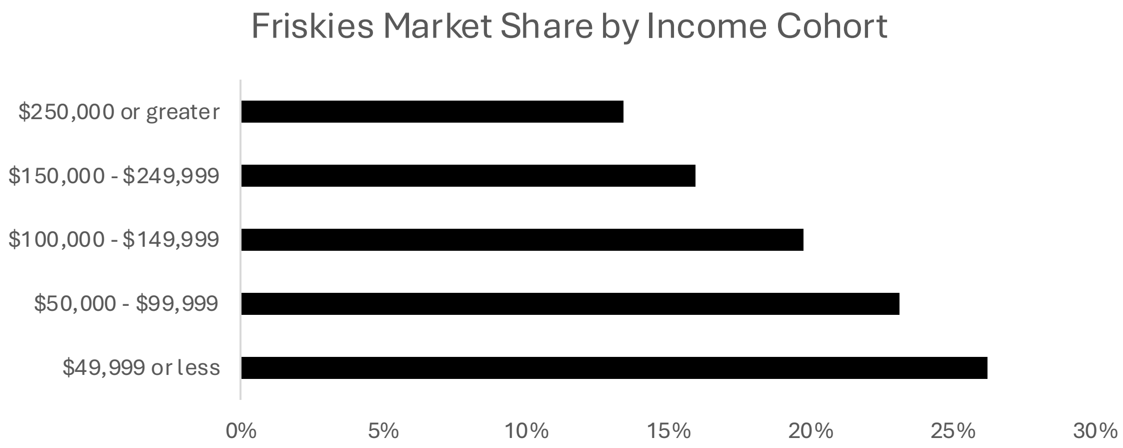
High-Income Consumers Drive Freshpet's and Blue Buffalo's Market Share

At mass merchandisers, Carbon Arc's POS – Instore data asset shows Purina leading market share across all income cohorts. Unsurprisingly, the more-expensive brands Blue Buffalo and Freshpet have greater market share amongst high-income consumers, taking share away from Friskies.









CarbonArc

Source: Carbon Arc POS – Instore and Online – CA0034
Price: 694.15 Tokens