
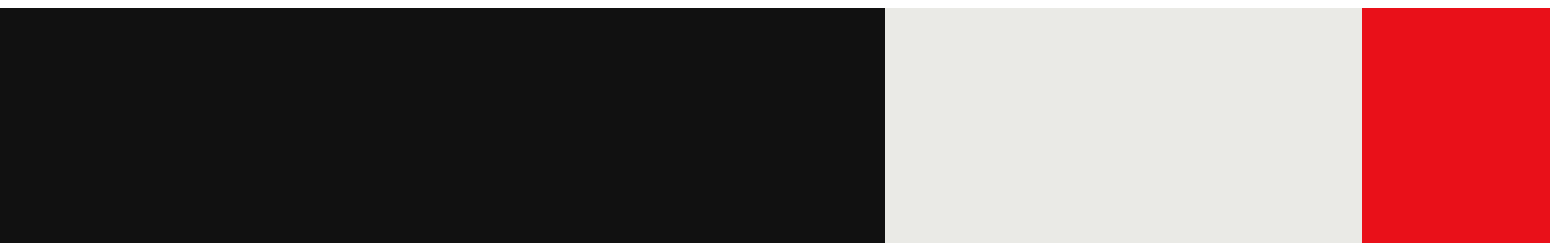


Chewy, Petco lean into healthcare, services to drive growth

Article



The strategies: Chewy and Petco aim to capture a larger share of pet owner spending by leaning into healthcare and services.

- Chewy opened its first **Vet Care** clinic this year to tap new revenue streams and build a fresh customer pipeline. Now operating six clinics, the retailer reports that customers acquired
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through these locations are outperforming expectations, with stronger cross-category shopping and post-visit purchases on Chewy.com since Q2.

- Petco—which runs **Vetco** hospitals, mobile clinics, and grooming services—is working to harness customer data more effectively to better understand shoppers' buying patterns, refine engagement strategies, and boost wallet share, said CEO **Joel Anderson** during the company's earnings call.

Why it matters: Pet adoption rates, which surged during the pandemic, have returned to normal levels. As a result, pet supply retailers need to find more ways to drive growth.

- In addition to services, Chewy launched its **Chewy+** paid membership program earlier this year. While it is still early days, the retailer's data shows Chewy+ members consistently place more orders and have higher cross-category penetration and greater mobile app engagement relative to non-Chewy+ customers.
- Chewy also continues to benefit from its flagship Autoship program, which accounted for \$2.3 billion in revenues in Q3, up 9% YoY and roughly 80% of the company's net sales.
- Petco revamped its merchandise mix by creating more space on shelves for faster-turning SKUs and reducing the variety in certain categories to simplify customers' decision-making processes.

Our take: Personalization can go a long way in deepening ties with customers. Pet owners, like any other shoppers, want retailers to know them and recognize their needs.

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