

An Open Letter to the American Pet Industry:

Confronting the American Dog Supply Crisis

To our colleagues, policymakers, veterinarians, retailers, manufacturers, and pet industry leaders,

For decades, the U.S. pet industry has been celebrated as one of the most resilient growth stories in American retail, and the private equity took notice. The American Pet Products Association (APPA) reported the total pet expenditures in the U.S. in 2025 was \$157 billion, with roughly \$67 billion attributed to pet food. Our industry has benefitted from rising pet humanization and expanding household penetration. However, mounting evidence suggests the U.S. dog ecosystem is entering a fundamentally different phase, one not defined by growth, but by constraint and value shift.

The macro-demographics tell much of the story. Today, 85% of dogs in the United States are spayed or neutered, as reported by *dogster.com*. While this reflects responsible ownership, it also places a natural ceiling on organic canine population growth. Recent market data confirm the impact. *Pet Food Industry* reported U.S. dog food sales volume declined 2% year over year - as of March 2025. Meanwhile, the APPA reported dog food revenue growth in 2024 was at just 2.1%. This was below the 2.9% Consumer Price Index and indicates even dollar growth is price-driven vs. unit-driven. Thus, consumption is flat to declining.

Supply-side dynamics further reinforce this threatening outlook. Annual demand for dogs in the U.S. has been reported to be ~ 8 million. The *Shelter Animal Count* 2023 report states there are 4,915 shelters and 9,514 rescue groups in America that saw 3.3 million dogs enter shelters and rescues, with 2.2 million dogs being adopted. Also adding to supply, the CDC reported approximately 1 million dogs were imported in the U.S.

Looking at commercial breeding, Bailing Out Benji reports there are 2,354 USDA-licensed dog and cat breeders in America, down from 2,887 in 2020 which represents an 18% decline at the same time the Federal Reserve St. Louis Fed (FRED) estimates 2025 US Household has grown by 4% since 2020. Today's regulated kennels produce an estimated 1 million puppies per year with many sold direct to consumers. Adding up these trackable sources, we are left with a supply gap of roughly 4 million dogs. Attempts to fill this gap can be found from unregulated and untraceable sources such as backyard breeders, internet sales, flea markets, and other unregulated sources.

A major contributor to this imbalance in supply and demand is due to retail pet sale bans. This is a coordinated legislative and regulatory strategy, advanced by animal rights activists, aimed at reducing breeders and eliminating retail pet sales. While arguably pet stores are the most regulated and safest source for families, more than 400 U.S. communities and 7 states have enacted retail pet sale bans. These are often implemented as blanket policies rather than targeted enforcement, which has reduced transparency, limited oversight, and reduced consumer protection. The impact of a puppy pet sale ban has a rippling effect across the entire pet industry. When the California pet sale ban went into effect in 2019, *RJMedia* reported 95% of local specialty pet stores closed thus eliminating local access to pets and pet supplies across the state.

With an average lifespan of 11 years, the supply pressures are compounded by an annual canine mortality rate of roughly 9%. With fewer puppies entering the pet ecosystem, combined with an aging dog population, natural canine population replacement is mathematically impossible. Besides reduced food sales volumes, the downstream effects of fewer dogs are already visible. In May 2025, the American Veterinary Medical Association reported small animal veterinary visits have declined 4.6% year over year.

Taking together, these indicators strongly suggest the dog ecosystem is transitioning from a growth phase to a constrained, **value-shifted phase**. Left unchanged, future dog population growth will not come from more dogs bred, but from increased spending across a smaller, aging pet population with ownership become more of a luxury.

Ignoring the demographic, regulatory, and structural headwinds facing the declining American dog population is a recipe for stagnation across the entire pet ecosystem. As industry leaders, we must confront the critical pet supply sustainability question. The data is clear. The question now is – “How will this industry choose to respond?”

Joe Watson
President & CEO
Petland, Inc.

Joining Petland in 2005, Watson has been the President and CEO since 2011. He is a former board member of the Pet Industry Joint Advisory Council (PIJAC) as well as the Pet Leadership Council (PLC). Watson has spoken at various industry events and is recipient of the PIJAC Chairman's Award, which recognized his significant contributions to the pet industry and his work in promoting a sustainable and healthy supply of pets. Watson is an Army veteran and holds a Bachelor of Science and Master of Business Administration degrees from Ohio University.

An Industry at a Crossroads

Mounting data suggests the U.S. dog ecosystem is transitioning from a growth phase to one of constraint, driven by a tightening supply of dogs and changing economic indicators.

ECONOMIC WARNING SIGNS



2% Decline in Dog Food Volume

U.S. dog food sales volumes declined year-over-year as of March 2025.



Revenue Growth Lags Inflation

Growth is driven by price hikes, not an increase in dogs or consumption.



4.6% Drop in Vet Visits

A decline in small animal veterinary visits signals downstream effects of stagnation.

THE POPULATION PINCH: A SUPPLY CRISIS



A Natural Growth Ceiling

85% of U.S. dogs are spayed or neutered, limiting natural population increase.



4 Million Annual Dog Supply Gap

Annual demand of 8M dogs far outstrips the tracked supply from regulated sources.



Replacement is "Mathematically Impossible"

A 9% annual mortality rate combined with fewer puppies prevents population growth.