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Economy

Best in show: US pet ownership

27 May 2025

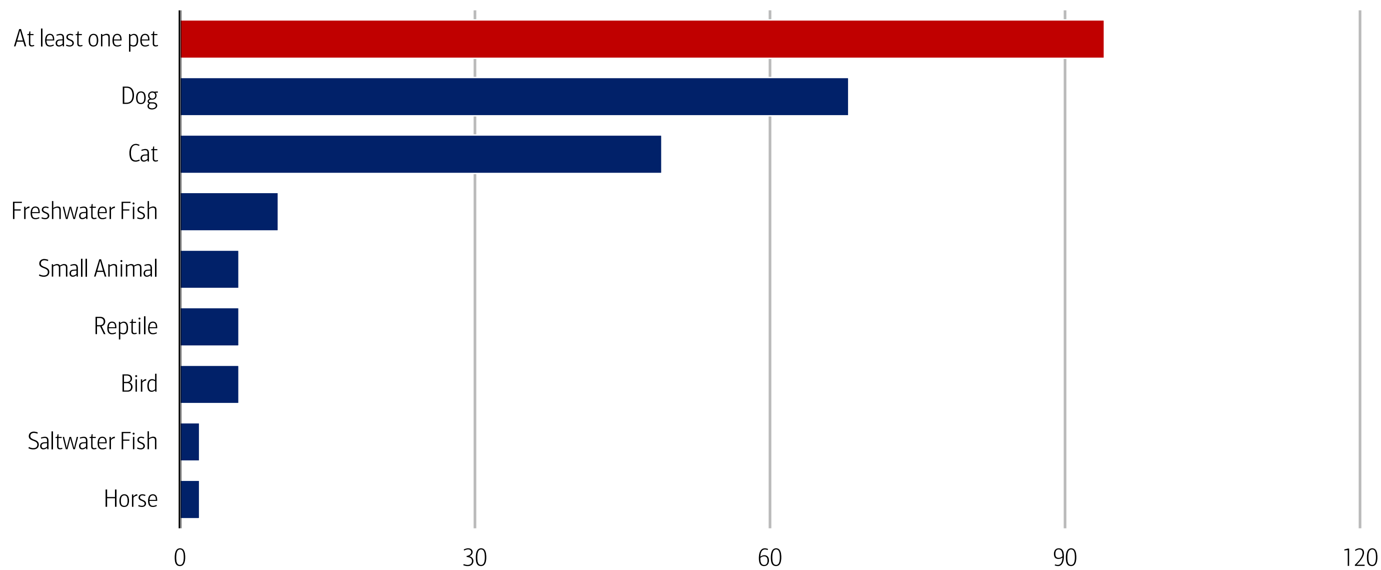
Key takeaways

- The US is a nation of pet lovers. In fact, nearly 94 million households own at least one pet, according to the American Pet Products Association (APPA). Dogs are in the lead, but cats are on their tail.
- The price of pet food and pet services rose sharply over the last five years according to Bureau of Labor Statistics (BLS) consumer price data. While pet food inflation has come down to close to zero in April 2025, inflation in pet services (including vets) remains relatively high.
- In Bank of America aggregated credit and debit card spending data, it appears that spending growth at pet stores and direct vet spending is running below these inflation rates. In our view, households may be economizing on pet food by 'trading down' or shopping at the grocery store, while the growth in pet insurance may be mitigating vet spending.
- Looking across the country, in the first four months of the year, Seattle and San Francisco appear to spend more on pets relative to the US average, while cities in the south have below-average spending. We doubt Southerners love their four-legged friends less - we think these differences likely reflect the general costs of living across the country.

The US loves its pets

The US is a nation of pet lovers. In fact, 94 million households have at least one pet, according to the American Pet Products Association (APPA). The favorite? A pet dog. But cats are on their tail, and many households also have fish, smaller animals, reptiles and birds (Exhibit 1).

Exhibit 1: Nearly 94 million households have at least one pet, with dogs the most popular
Number of households with a pet by type (millions)



Source: American Pet Products Association (APPA), 2025

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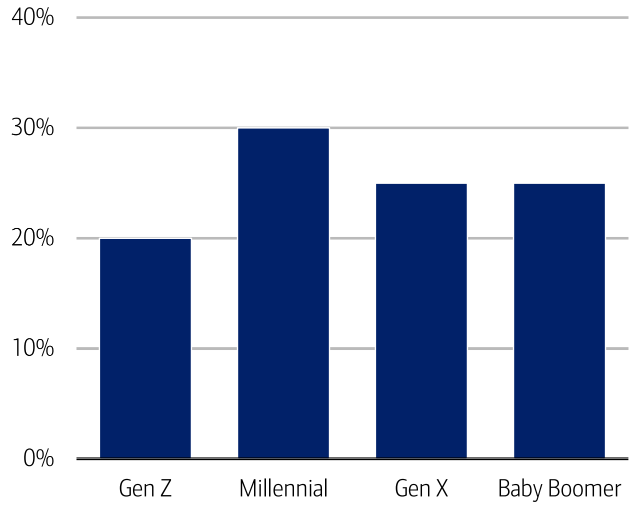
Across generations, this love for pets is spread fairly evenly, although millennials now form the largest proportion of pet-owning households according to APPA data (Exhibit 2).

As to where people get their furry friends from, it appears many are rescuing them from shelters or fostering them, according to a survey from CivicScience (Exhibit 3). In fact, around only 35% of people appear to source their animals from breeders or the local pet store.

Exhibit 2: Millennial households are the biggest share (almost 30%) of pet-owning households
% of pet owners by household generation



Source: American Pet Products Association (APPA), 2025
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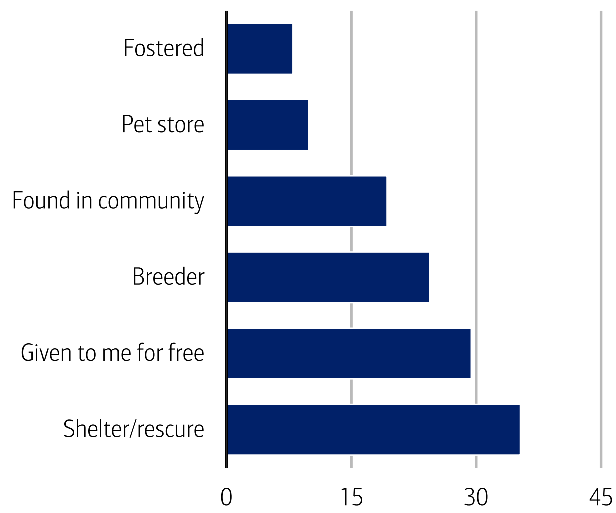
Exhibit 3: Pets come from various sources, but shelters are the most common at 35%
How pet came into household (% of total responses)



Source: CivicScience (survey responses January 1 - May 16, 2025)
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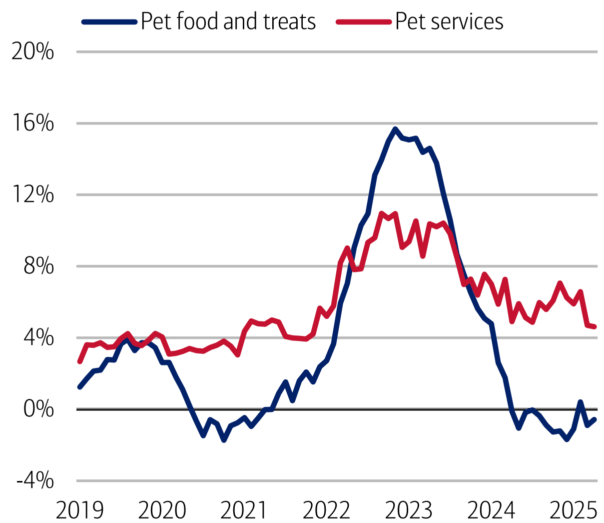
Feeding Fido: are budgets biting?

The cost of pet food has risen significantly over the past five years. But the good news is that the current rate of inflation in pet food has fallen to around zero year-over-year (YoY), according to April's Bureau of Labor Statistics (BLS) data. On the other hand, the cost of pet services, which includes vet bills, grooming etc., seems to be rising fairly sharply: up 4.6% YoY in April. In fact, the prices of these pet services are 42% higher vs 2019, compared to a rise of 22% for pet food and treats.

Exhibit 4: Pet services inflation is running above 4% YoY
Consumer price indices for pet food and treats and pet services (monthly, % YoY)



Source: Haver Analytics
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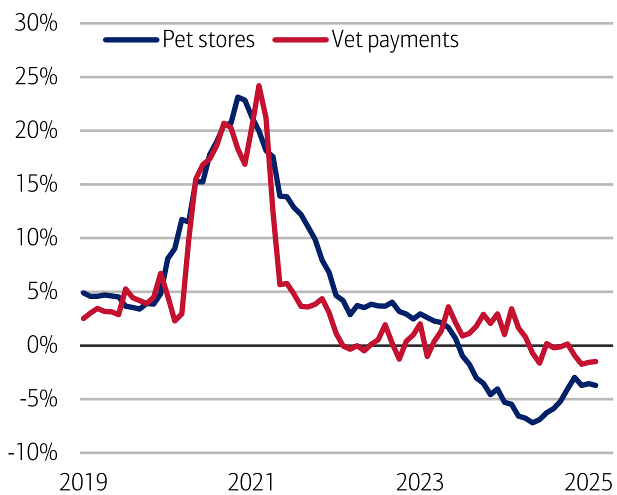
Exhibit 5: Spending at pet stores was down around 4% YoY in April 2025
Credit and debit card data per households on vet payments and pet stores (monthly, three-month moving average, % YoY)



Source: Bank of America internal data
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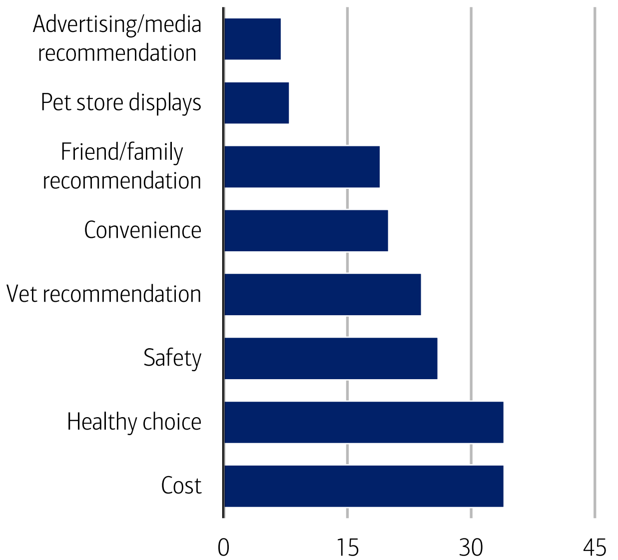
But, when we look at Bank of America aggregated data on credit and debit card spending, we find that card spending per household at pet stores fell around 4% YoY in the latest April 2025 data, while card payments to vets dropped 1% YoY in April.

Why might vet spending be below the significant inflation in this category? One reason may be the rise of pet insurance, which helps owners spread the costs of pet healthcare. The North American Pet Health Insurance Association (NAPHIA) reports that the average annual growth rate of insured pets has been 20% since 2020. However, the share of insured pets remains fairly low, suggesting the potential for continued growth in this area.

But why is Bank of America card spending at pet stores weaker than pet food inflation? While it could be people are buying less food for their pets, it seems relatively unlikely that pooches have suddenly lost their appetite. Survey respondents to CivicScience mention "cost" and "convenience" are important considerations when buying pet food (Exhibit 6). This suggests to us that some households may be "trading down" in terms of the pet foods they are buying.

Exhibit 6: Both healthy choices and cost are top of mind of consumers when buying for their pet

% responses to question "Which factors influence your purchases for your pet?"



Source: CivicScience (survey responses January 1 - May 16, 2025)

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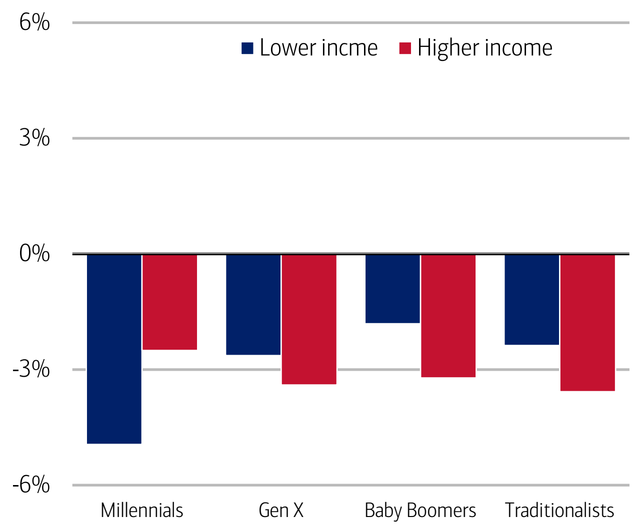
Exhibit 7: The largest pull-back in pet-related transactions is in lower-income millennials

% change in share of households making pet related (pet stores and vets) transactions, May 2018-April 2019 to May 2024-April 2025, by generation and select income cohorts (percentage points)



Source: Bank of America internal data. Lower-income are households in the bottom tercile of the income distribution; higher are households in the highest tercile of the income distribution.

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Alternatively, consumers may be buying pet food from local grocery stores rather than pet stores in order to save money or a second trip to the pet supply shop. When we look at the change in the share of households making card transactions at either pet stores or vets, we find the share has fallen most among lower-income Millennials relative to May 2018-April 2019 (Exhibit 7). It could be that, when faced with other cost pressures (such as rising car insurance and utility bills), these younger lower-income households are looking for savings on their pet spending.

Paw-sitively pricier out west

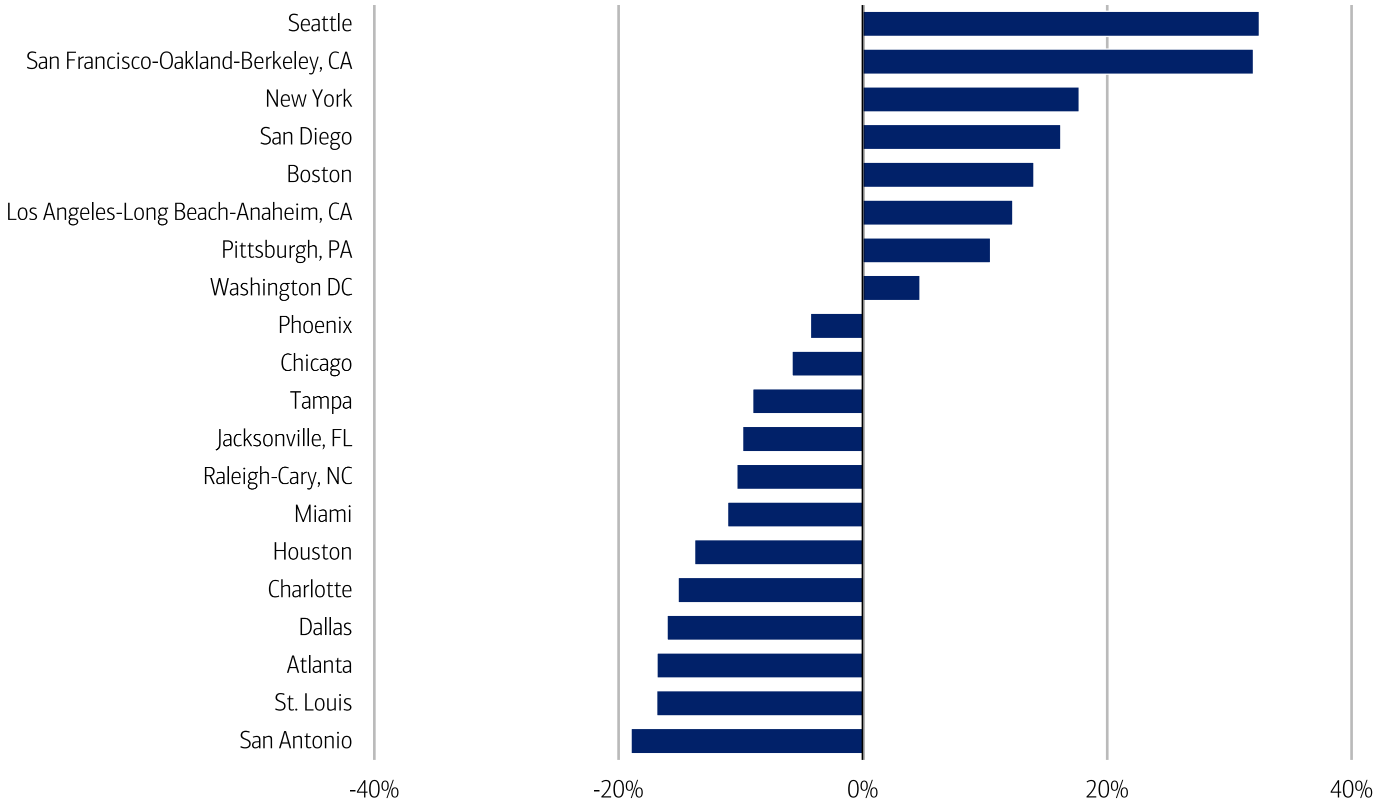
Who spends the most on their pets? When we look at Bank of America card data on pet store and veterinary spending across 20 large metropolitan statistical areas (MSAs) relative to the US average, we find that Seattle tops the list – with average monthly spending in the first four months of 2025 more than 30% above the US monthly average. San Francisco follows closely behind. That said, average monthly pet spending also looks elevated in some northeastern cities, such as New York and Boston (Exhibit 8).

At the other end of the spending spectrum, pet spending in the first four months of 2025 is low relative to the US average in San Antonio (Texas), St Louis and Atlanta.

So, do people out west love their pets more than owners in the south? We doubt it. More likely, these spending variations reflect different prices for pet food and vet care and broader cost-of-living differentials across these areas.

Exhibit 8: Seattle and San Francisco MSAs have spending on pet stores and pet care around 30% higher than the US average

Average pet store and pet care (including veterinary) spending per month relative to US average by metropolitan statistical areas (average January-April 2025, percentage points)



Source: Bank of America internal data

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Methodology

Selected Bank of America transaction data is used to inform the macroeconomic views expressed in this report and should be considered in the context of other economic indicators and publicly available information. In certain instances, the data may provide directional and/or predictive value. The data used is not comprehensive; it is based on **aggregated and anonymized** selections of Bank of America data and may reflect a degree of selection bias and limitations on the data available.

Any payments data represents aggregated spend from US Retail, Preferred, Small Business and Wealth Management clients with a deposit account or credit card. Aggregated spend include total credit card, debit card, ACH, wires, bill pay, business/peer-to-peer, cash, and checks.

Any **Small Business** payments data represents aggregate spend from Small Business clients with a deposit account or a Small Business credit card. Payroll payments data include channels such as ACH (automated clearing house), bill pay, checks and wire. Bank of America per Small Business client data represents activity spending from active Small Business clients with a deposit account or a Small Business credit card and at least one transaction in each month. Small businesses in this report include business clients within Bank of America and generally defined as under $5mm in annual sales revenue.

Unless otherwise stated, data is not adjusted for seasonality, processing days or portfolio changes, and may be subject to periodic revisions.

The differences between the total and per household card spending growth rate (if discussed) can be explained by the following reasons:

1. Overall total card spending growth is partially boosted by the growth in the number of active cardholders in our sample. This could be due to an increasing customer base or inactive customers using their cards more frequently.

2. Per household card spending growth only looks at households that complete at least five transactions with Bank of America cards in the month. Per household spending growth isolates impacts from a changing sample size, which could be unrelated to underlying economic momentum, and potential spending volatility from less active users.

3. Overall total card spending includes small business card spending while per household card spending does not.

4. Differences due to using processing dates (total card spending) versus transaction date (per household card spending).

5. Other differences including household formations due to young adults moving in and out of their parent's houses during COVID.

Any household consumer deposit data based on Bank of America internal data is derived by anonymizing and aggregating data from Bank of America consumer deposit accounts in the US and analyzing that data at a highly aggregated level. Whenever median household savings and checking balances are quoted, the data is based on a fixed cohort of households that had a consumer deposit account (checking and/or savings account) for all months from January 2019 through the most current month of data shown.

Bank of America aggregated credit/debit card spending per household includes spending from active US households only. Only consumer card holders making a minimum of five transactions a month are included in the dataset. Spending from corporate cards are excluded. Data regarding merchants who receive payments are identified and classified by the Merchant Categorization Code (MCC) defined by financial services companies. The data are mapped using proprietary methods from the MCCs to the North American Industry Classification System (NAICS), which is also used by the Census Bureau, in order to classify spending data by subsector. Spending data may also be classified by other proprietary methods not using MCCs.

We consider a measure of services necessity spending that includes but is not limited to childcare, rent, insurance, insurance, public transportation, and tax payments. Discretionary services includes but is not limited to charitable donations, leisure travel, entertainment, and professional/consumer services. Holiday spending is defined as items in which spending in the November-December period is usually at least 20% of total annual spending on the category.

For analysis looking at higher value transactions (including durables), we consider a value per transaction threshold estimated with reference to the top 30% of transactions by value in 2024. The share of higher value transactions is then the number of transactions above this threshold as a percentage of total transactions over time.

Lower, middle and higher household income cuts in Bank of America credit and debit card spending per household, and consumer deposit account data are based on quantitative estimates of each households' income. These quantitative estimates are bucketed according to terciles, with a third of households placed in each tercile periodically. The lowest tercile represents 'lower income', the middle tercile represents 'middle income' and the highest tercile 'higher income'. The income thresholds between these terciles will move over time, reflecting any number of factors that impact income, including general wage inflation, changes in social security payments and individual households' income. The income and tercile in which a household is categorised are periodically re-assessed.

Overall 30-day delinquency rates are derived by taking the amount of consumer balances that are 30 days delinquent and dividing by the total consumer credit card balance.

Major grocery categories include sugar and sweets, juices and other non-alcoholic beverages, bakery products, processed fruits and vegetables, fresh fruit and vegetables, coffee and tea, fats and oils, milk, cereal and cereal products, other, cheese, and meats, poultry and fish, Other includes soups, snacks, frozen and freeze-dried prepared foods, and spices, seasonings, and condiments.

Generations, if discussed, are defined as follows:

1. Gen Z, born after 1995
2. Younger Millennials: born between 1989-1995
3. Older Millennials: born between 1978-1988
4. Gen Xers: born between 1965-1977
5. Baby Boomer: 1946-1964
6. Traditionalists: pre-1946

Any reference to card spending per household on gasoline includes all purchases at gasoline stations and might include purchases of non-gas items.

CivicScience survey includes responses January 1st to May 16th

Additional information about the methodology used to aggregate the data is available upon request.

Contributors

David Michael Tinsley

Senior Economist, Bank of America Institute

Sources

Li Wei

Director, Global Risk Analytics

Jon Kaplan

Senior Vice President, Digital and Data

Disclosures