Briefing Paper
Economic Impacts of the Pet Industry
In the United States
2015

Prepared for: **Pet Industry Joint Advisory Council**
Prepared by: **Center for Regional Analysis, George Mason University**

The following summary reports economic impacts of the Pet Industry on the United States economy. The pet industry is one of the nation's fastest growing industries as the nation has seen a dramatic upswing in the number of U.S. households that are pet owners. The academic and professional literature increasingly show how pets improve our lives by enhancing mental and physical wellness. As the industry grows, spending by pet households generates a flow of economic activity that spreads across the nation and involves many sectors of the economy. The purpose of this analysis is assess the magnitude of this economic activity.

As with any large, multi-sector industry, there are a variety of market reports and analyses that provide data and information on sales and activities related to pets, though many of these reports focus on specific segments of pet-related spending. In this analysis, we have taken a comprehensive approach to studying how pet spending generates overall economic activity. Our analysis defines the pet industry as including:

- *Animal sales:* Pet sales including exotic pets, but not horses and farm/food animals.
- *Pet food:* The largest category being dog and cat food.
- *Veterinary services:* Excluding non-pet services.
- *Animal pharmaceuticals:* Pet medicine only.
- *Insurance:* The rapidly emerging pet health insurance industry.
- *Pet services:* Including grooming, boarding, non-veterinary care, pet sitting, other
- *Pet products:* Collars, leashes, pet beds, fish tanks and related equipment, bird and other animal cages, exotic pet supplies, pet toys, other.

In performing this analysis, we look at much more than just the retail component of pet sales. Our estimates consider manufacturing and other supply chain elements in the pet industry. In doing so, the analysis adjusts for products not made in the United States. For example, most pet toys sold in the U.S. are imported products and therefore do not contribute to national manufacturing jobs. However, imported pet toys are transported within the U.S., sold through wholesale distributors, and contribute to the sales and profits of retailers, all of which are included in this study.

Our approach to performing this analysis includes utilizing data and information from a wide range of industry and non-industry data sources to enhance research validity. Data and market

information sources used in this analysis include: U.S. Bureau of Labor Statistics, U.S. Census Bureau, Chmura Economics, market data sources such as IBIS World, Package Facts, industry trade publications, and the annual American Pet Products household survey.

The economic impact estimates are based on the 2015 IMPLAN economic input-output model developed by MIG, Inc. The IMPLAN model is one of the most widely used economic input-output models for academic and professional research. The model provides estimates of direct, indirect, and induced economic impacts resulting from initial industry spending. Direct effects capture the economic value of spending in the subject industry. Indirect effects represent supply chain spending by businesses. For example, manufacturers of dog and cat food purchase raw materials from farmers, packaging materials, transportation services, and a wide range of professional services. The suppliers of bags used for the food purchase paper, ink for labeling, and hire an accounting service to prepare tax filings. The accountant hires employees, rents office space, and hires a janitorial service to clean their offices. At each stage of spending, the model adjusts for imports, such as the packaging supplier using domestic and international sources of paper. Induced effects estimate the impacts of employees of all of these businesses spending a portion of their earnings for goods and services. The IMPLAN model provides estimates of total output (value of business transactions), value added (contributions to gross domestic product), employment (headcount jobs), labor income (salaries, wages, benefits), and payments for federal, state, and local taxing jurisdictions. Payments to taxing jurisdictions include payments for social insurance, income taxes, property taxes, sales taxes, business and personal fees, and other sources of government revenue.

Findings

In 2015, the U.S. Pet Industry generated $221.1 billion in total economic activity, which increased total value added by $102.3 billion (see table below). Including direct, indirect, and induced effects, the Pet Industry supported over 1.3 million U.S. jobs that paid more than $60 billion in salaries, wages, and benefits. The Pet Industry and its suppliers and linked service providers contributed almost $14 billion in federal government revenue in 2015 and an additional $8.9 billion to state and local jurisdictions.

Economic Impacts of the U.S. Pet Industry, 2015

Description	Impact
Output (transactions)	$ 221,111,226,000
Value Added (gross domestic product)	$ 102,336,050,000
Labor Income (salaries, wages, benefits)	$ 60,496,479,000
Jobs (headcount)	1,307,168
Federal Taxes/Fees	$ 13,910,396,000
State and Local Taxes/Fees	$ 8,896,017,000

Sources: GMU Center for Regional Analysis, U.S. Bureau of Labor Statistics, U.S. Census Bureau, Chmura Economics, IBIS World, American Pet Products Association, other industry sources, IMPLAN.