



## INVESTMENT BANKING

# Why Data Integration and AI Are the Future for a Growing Pet Tech Industry

Pet technology products—i.e., smart collars, litter boxes, and feeders—are becoming more popular, mirroring trendlines in human health technology. This increased focus on personalized pet health and nutrition that leverages artificial intelligence (“AI”) and data presents attractive investment opportunities.

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## Key Takeaways From This Article

- With pets increasingly seen as family, owners are exploring ways to monitor and care for them. This is especially pronounced among Gen Z and Gen Alpha pet owners.
- Pet technology (“pet tech”) is moving toward personalized, preventative care, powered by AI and a connected data ecosystem. Preventative care is also a growing focus of veterinary medicine.
- With pet tech’s adoption reflecting that of human health technology, products will likely enable data sharing and personalized insights, offering greater long-term value.

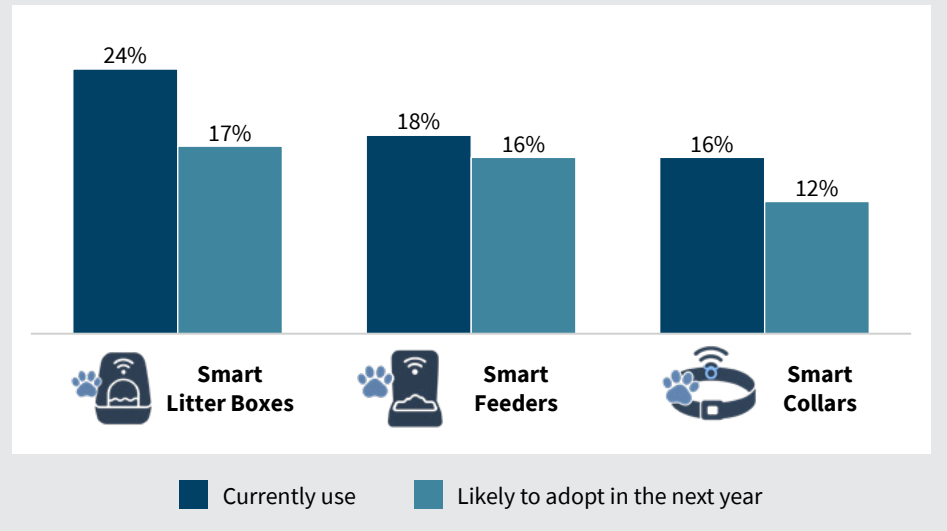
## Why the Pet Tech Industry Is Growing and Poised for More

The growth in the pet tech space in recent years can largely be explained by examining the convergence of two trendlines: a surge in wearables and other health technology products and pet humanization, where pets are treated like family members. “We tend to expect the same things for our pets that we expect for ourselves,” according to a vice president at a pet hospital chain.<sup>1</sup>

As a result, three primary pet tech categories are becoming more popular among consumers (see exhibit) with some impressive innovations. Smart collars, the largest and most advanced category, can now monitor a dog’s sleep and even determine its moods by how it barks. Smart litter boxes can go beyond automated cleaning to provide preventative healthcare information. Smart feeders can offer health-related insights by tracking eating patterns.

1. Direct quotes in this article were collected as part of FTI Consulting’s 2025 interviews with individuals from pet hospitals, retailers, and pet tech companies.

### Exhibit: Growth in Pet Tech Among Consumers<sup>2</sup>



Indeed, a broader societal move toward preventative health is one of pet tech's tailwinds, but so is a generational shift. Younger pet owners are more tech-savvy and willing to adopt digital solutions for pet care. That group, "especially Gen Z and Gen Alpha, are driving demand for trendy pet wearables and view health tracking as a norm," said a director of a specialty pet retailer.

#### Advanced Data Integration Creates New Growth Opportunities

For a preview of pet tech's future, we can look to the evolution of wearables and smart home devices. Smart collars will likely shift to increased health monitoring and actionable insights, such as alerting owners to what is happening while also offering guidance on what steps to take. Feeders and litter boxes will likely follow smart home devices and offer increased interoperability across products, devices, and systems. Simultaneously, standalone pet health apps could become more popular as AI-powered insights with integration of devices, data, and offerings become essential for competitive differentiation.

Integration is crucial because pet data today is siloed, limiting monetization for brands and value for owners. An interconnected pet owner ecosystem—of which pet tech is a key part—could unlock new opportunities, with market players exploring ways to unify insights. Insurers and veterinarians have been slow to step in; the head of partnerships at one pet tech brand said they have a "lack of innovation and slow pace of change." But increased involvement provides an opportunity for pet tech brands to take a leading role in finding ways to share device data to power partner use-cases and serve as a unified hub that delivers holistic pet health insights.

Part of the reason data monetization remains limited, as noted above, is that models are focused on hardware or single-use services, not data-driven value. But AI is emerging as a key component of personalized pet care, analyzing data to power preventative care and customized recommendations.

2. Source: FTI Consulting Consumer Survey, May 2025. Respondents who answered "currently use" are current pet owners (specifically cat owners in the case of litter boxes). Respondents who answered "likely to adopt in the next year" are pet owners that are non-users of respective pet tech products.

### The Future of Pet Tech

Despite the promising trendlines, a few things need to happen to supercharge pet tech growth. The first is greater consumer awareness through brand and category marketing and amplification by social media and word-of-mouth. “The biggest challenges [behind consumer adoption] are visibility and price,” one director at a specialty pet retailer said. “Many customers don’t know their options, and it’s hard to show the value behind the cost.”

As noted above, greater awareness and adoption among veterinarians is also needed, which requires the showcasing of evidence-based outcomes and clinical utility to build trust and drive product recommendations. “With the machine learning that we’re seeing, the AI is getting so much smarter,” a vice president at a national pet hospital chain said, “I think once the technology can be validated and proven in an evidence-based way, veterinarians are going to pay attention.”

The pet tech industry must also address its value proposition and affordability. Pricing innovation (e.g., bundling subscriptions and reducing hardware costs) will help, but so will clear, outcome-driven messaging that connects product features to tangible health and wellness benefits. That will help justify price points, but product innovation also must continue with the aim of addressing known pet tech pain points regarding durability, battery life, and reliability to meet everyday use expectations. Trust in AI and data can happen if consumers are educated on how health insights are generated with transparency around accuracy and limitations.

Last, the ecosystem must be professionally integrated by enabling data interoperability through standardized protocols and application program interfaces that allow seamless sharing across devices and veterinary systems. In turn, the industry must work to strengthen strategic partnerships with veterinarians and insurers to ensure the technology complements clinical workflows and delivers mutual value.

### Key Considerations for Investors

Deal activity in the pet tech space has been happening for nearly a decade, with an acceleration in 2025. The industry’s future will be in products that plug holes in the broader ecosystem—enabling data sharing and personalized insights with an eye toward offering greater long-term value. Devices that leverage AI and data to flag early health issues and provide custom, preventative recommendations are worth watching closely.

The backdrop is the changing nature of pet ownership. Brands that share younger pet owners’ values (i.e., wellness, sustainability, and shareable experiences) are poised to stand out, but the broader trends discussed in this article are not limited by age group. More than half (52%) of pet owners and 60% of current pet tech users in a recent survey said they consider their pet to be their child. According to the same survey, slightly more than 40% of pet owners buy gifts for their pets, compared with 58% of pet tech users, and 41% said they prioritize their pets above all else, compared with 55% of pet tech users.<sup>3</sup>

It is likely that those owners will seek products that simplify pet care and deliver actionable insights—provided they are educated about the products and the value they can provide.

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