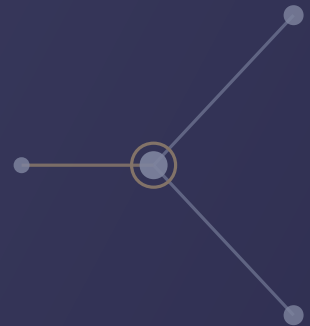


DEAL UPDATE

Two deals, one thesis

*Why Tractor Supply–VIP Petcare and Bending Spoons–
Tractive hint at where animal health is headed*



Two deals, one thesis: why Tractor Supply–VIP Petcare and Bending Spoons–Tractive hint at where animal health is headed

The same bet, made twice — through two very different doors

By the DanaShift Team · June 7, 2026 · danashift.com/insights

In our Spring 2026 Animal Health & Pet Care Market Outlook, we argued that the next moat in animal health is not a product — it is **control of workflow, data, and customer access**. Two transactions announced in May 2026 hint that this trend is arriving faster and possibly from less obvious directions than even we expected.

On May 28, Tractor Supply acquired VIP Petcare — the largest mobile veterinary care provider in the United States — from PetIQ. Ten days earlier, on May 18, Italian technology conglomerate Bending Spoons closed its acquisition of Tractive, the Austrian GPS-and-health wearable leader that had crossed €100M in annual recurring revenue.

On the surface, these look unrelated: a rural retailer buying a vet clinic operator, and a software house buying a connected-collar company. However, we believe both are bets that the durable value in our sector sits in the recurring relationship with the pet owner — and in the data that relationship generates — not in any single transaction or device.

Deal 1: Tractor Supply + VIP Petcare — retail becomes a care channel

Tractor Supply acquired VIP Petcare from PetIQ, a Bansk Group company. VIP Petcare runs roughly 60,000 community clinics a year across approximately 2,700 retail locations in 39 states — serving more than one million pets annually through about 2,500 contracted veterinarians, at prices more than 50% below a traditional vet visit. Terms were not disclosed.

Crucially, **these two businesses were already deeply intertwined — operationally, not just physically**. VIP Petcare has run walk-in community clinics inside Tractor Supply stores for more than 20 years; roughly 1,700 of its ~2,700 host locations are Tractor Supply stores. And the relationship went well beyond hosting: Tractor Supply has owned the in-store PetVet Clinic brand for years, with VIP operating it on Tractor Supply's behalf — work that represented a major share of VIP's service footprint. So this is not a deal that *creates* the care layer. Tractor Supply already owned the brand and the venue; VIP ran the operation. This deal brings the operator itself in-house. That distinction is the entire strategic story.

What matters is the strategic logic, and it should feel familiar. In our Spring report, we flagged Chewy's acquisition of Modern Animal as a company "building from the consumer inward" — embedding itself in the ongoing health management of the pet rather than the one-off transaction.

Tractor Supply is now running the identical playbook from a different starting point. Where Chewy built inward from e-commerce, Tractor Supply is building inward from physical retail and an installed base of rural and suburban pet owners who already walk through its doors. The difference is that Tractor Supply is not building this relationship from scratch — it is converting a two-decade hosting arrangement into outright ownership of the care layer that was already operating inside its stores. Tractor Supply is bridging retail and clinical access, and bringing the largest mobile vet platform in the country in-house to do it.

Three implications follow:

Affordability is the wedge, and it is now a retail strategy. The affordability gap has been well documented — veterinary prices running roughly 50% above pre-COVID levels — as the single most important structural catalyst in the sector, the reason ~51 million cats and tens of millions of dogs go unseen. VIP Petcare's entire model is preventive care at a fraction of clinic pricing. Tractor Supply did not buy a premium specialty platform; it bought the *low-cost, high-access* layer. This gives them access to an enormous underserved cohort that counterintuitively may be the real growth runway for veterinary care at this time, and puts affordable care exactly where price-sensitive owners already shop.

Retail-owned care is now the rule, not the exception. Petco already owns hundreds of full-service vet hospitals through Vetco Total Care, built clinic by clinic inside its stores. Chewy bought its way in with Modern Animal. Tractor Supply has now done it a third way — acquiring the operator that already ran care in its aisles. The competitive question for every remaining pet retailer is no longer *whether* to own clinical access but *which model*: capital-intensive build-outs, premium acquisitions, or asset-light host-clinic platforms like VIP Petcare's.

Distribution and pharmacy are the second act — and Tractor Supply already owns them too. Tractor Supply acquired Allivet, a leading online pet pharmacy, in 2024, and launched Tractor Supply Rx (with Autoship medication delivery) in 2025. Combined with the now-owned VIP Petcare clinics, the company has assembled a clinic-to-pharmacy-to-retail loop in which it owns every link. That is the same vertical logic driving the Covetrus-MWI merger — owning the connective tissue between where a pet is diagnosed, where it is treated, and where the products are bought. The difference is that Tractor Supply is assembling this loop on the *consumer* side of the counter rather than the B2B distribution side.

The Banfield precedent — and why ownership changes the game

There is a clear historical analogue for what Tractor Supply is building, and it is worth studying carefully because it both validates the model and reveals where Tractor Supply can go further.

For three decades, the in-store vet clinic has been proven at scale by one relationship above all others: **PetSmart and Banfield**. Since a 1994 partnership, Banfield has operated more than 1,000 general veterinary hospitals in the U.S., more than half of them physically inside PetSmart stores — turning a retail visit into a care visit and vice versa. It is the original template for the retail-plus-clinic foot-traffic flywheel, and it worked: high store traffic feeds the clinic, and recurring wellness-plan members are pulled back into the store.

However, **PetSmart and Banfield are not the same company — and PetSmart's history here is more instructive than commonly told.** In the 1990s, PetSmart did own clinics: PetSmart Veterinary Services operated company-owned practices across several states, alongside the in-store clinics run by Banfield's parent, Medical Management International. By 2000, PetSmart had exited — selling its clinics to Banfield and settling into a landlord-and-profit-share role, alongside a minority MMI stake it later sold down. Banfield is today wholly owned by Mars. PetSmart collects rent and a slice of the clinic economics, but it no longer owns the clinical asset, the veterinarians, the clinical data, or the wellness-plan relationship. The most valuable layer of that flywheel — the recurring membership and the longitudinal patient data — has compounded inside Mars, not the retailer, for a quarter century.

Tractor Supply just ran PetSmart's trade in reverse: **it bought the clinic platform outright.** It now owns VIP Petcare's veterinarians, its clinic operations, its pricing, its membership and re-visit data, and the ability to design the economics of the whole loop. Where PetSmart owned the care layer and sold it — ending up collecting rent on someone else's flywheel — Tractor Supply owns the flywheel.

Where Tractor Supply could take this: traffic both ways

Owning — rather than hosting — the clinic asset unlocks a set of two-way traffic and monetization levers that a pure landlord relationship never could. The strategic question is no longer whether the in-store clinic drives foot traffic (Banfield settled that decades ago); it is how aggressively an *owner* can engineer the flywheel in both directions:

- **Clinic → store.** Every one of the one-million-plus pets seen annually is a captured care relationship that can be routed straight into Tractor Supply's aisles, its Neighbor's Club loyalty program, and Allivet's digital pharmacy: a vaccine visit becomes a parasiticide refill, a wellness check becomes a prescription-diet recommendation fulfilled at the register or shipped on Autoship. Because Tractor Supply owns the clinical encounter, it controls the hand-off — the recommendation, the script, the channel — in a way a host retailer simply cannot.
- **Store → clinic.** Tractor Supply's tens of millions of existing rural and suburban customers are a built-in, low-acquisition-cost funnel into preventive care. The 90-minute community-clinic format is purpose-built to convert an in-store shopping trip into a same-visit care appointment, capturing exactly the price-sensitive, lapsed-care owners that traditional clinics never reach.
- **Membership as the connective tissue.** The most valuable lever is the one PetSmart left on the table. A Tractor Supply-owned wellness or preventive-care membership — analogous to Banfield's Optimum Wellness Plan, but owned by the *retailer* — would lock in recurring clinic revenue, recurring product and pharmacy attach, and a unified view of the customer across both businesses. That combined retail-plus-care dataset is the asset Mars built quietly inside Banfield for thirty years; Tractor Supply now holds the pieces to build its own version, with the retail relationship already in hand.
- **Footprint deepening and expansion.** With clinics already operating in roughly 1,700 of its stores and an asset-light, mobile-clinic model, Tractor Supply has substantial runway to increase clinic

frequency and density across its existing base — and to use the now-owned clinic as an anchor in new and underserved markets — without the capital intensity of building specialty hospitals.

In short: PetSmart proved the retail-clinic flywheel works, owned a piece of it, and sold it. Tractor Supply has positioned itself to own the entire loop — the visit, the data, the membership, and the cross-sell in both directions.

Deal 2: Bending Spoons + Tractive — the data layer, not the collar

The second transaction validates a core DanaShift thesis: the moat is not the hardware, it is longitudinal health data connecting wearables to clinic records, diagnostics, and therapeutic response.

Bending Spoons, the Milan-based software conglomerate behind Evernote, WeTransfer, Brightcove, AOL, and Vimeo, acquired Tractive in a deal reportedly valued in the high hundreds of millions of euros. Tractive was not a struggling hardware company in search of a buyer. It was a bootstrapped market leader serving roughly 1.4 million active subscribers across Europe and North America, generating more than €100M in recurring revenue. Bending Spoons has described it as the firm's first expansion into hardware-enabled software.

Bending Spoons is not a pet-tech strategic, a diagnostics company, or an animal-health roll-up. It is a software operator with a playbook of acquiring subscription businesses and optimizing their technology, monetization, and retention. It looked at Tractive and saw **a recurring-revenue software business that happens to ship a device**.

Bending Spoons just paid a premium price for the company with the largest, longest, and most engaged dataset in the category. Whether they ultimately connect that data to the clinical layer is the open question — but the acquisition prices the *data and subscription base*, not the collar.

With that said, there is a sharper sub-plot here that deserves attention:

Tractive bought Whistle from Mars before being bought itself. In July 2025, Tractive acquired Whistle — the original "Fitbit for dogs" — from Mars Petcare, absorbing its U.S. customer base and promptly retiring the Whistle platform. Mars, which had paid roughly \$117M for Whistle in 2016, was streamlining toward its core nutrition and clinical-scale assets (the integrated model we still treat as the category benchmark). Tractive used that acquisition to vault into the U.S. market and consolidate North America into its largest region. Less than a year later, that strengthened, U.S.-scaled, €100M+ ARR business became the asset Bending Spoons wanted.

The lesson for founders and investors? **Tractive created its exit by consolidating the category first.** It absorbed a competitor's customer base, retired the redundant platform, scaled ARR and geographic reach, and then sold into that strengthened position at a premium. This consolidate-then-exit sequence is a common play in fragmented, subscription-driven sub-sectors, and one that DanaShift has helped execute for clients that at first may have come across as sub-critical.

What the two deals say together

Put side by side, Tractor Supply and Bending Spoons are buying the same thing through different doors: **a direct, recurring, data-rich relationship with the pet owner.**

- Tractor Supply is buying *access and frequency* — the physical and clinical touchpoints that turn a retail customer into a care relationship.
- Bending Spoons is buying *engagement and data* — the subscription and longitudinal-health layer that keeps an owner inside a platform between vet visits.

Both are responses to the same underlying reality: growth in this sector is normalizing, visit volumes are soft, affordability is suppressing demand, and the winners will be the platforms that own the *relationship* rather than any single sale. When organic demand is hard to come by, control of the customer — and the data that deepens that control — is what compounds.

A few forward observations for the months ahead:

Non-traditional acquirers are now setting the price. Neither buyer here is a classic animal-health strategic. A rural lifestyle retailer and a European software conglomerate are now defining what these assets are worth. This widens the buyer universe materially for any company with a defensible consumer relationship or a recurring-revenue data asset — and it should reframe how founders think about who their natural acquirer is.

The "software-defined animal" is now an investable, exitable category — on both sides. Combined with Halter's \$220M Series E in livestock, the message from the Bending Spoons transaction to founders is that connected-pet and animal-data businesses with genuine ARR and retention can command software-style valuations and software-native acquirers.

Affordability infrastructure is consolidating into platforms. Tractor Supply did not buy insurance or financing — it bought low-cost access. But the through-line connecting VIP Petcare, Snout's preventive-care financing, and the embedded-insurance distribution we covered in our Spring report is the same: the next phase of growth is being built on the *payment and access rails* that bring underserved pets into the system. Expect continued consolidation here.

The DanaShift instinct

Change that matters is the principle DanaShift is built on. These two deals are intriguing not by their statistics, but because of what they say about where the value in animal health is migrating.

For founders and shareholders across veterinary services, pet technology, diagnostics, and consumer health, the strategic takeaway is that assets that own a defensible, recurring relationship with the pet owner will command premium outcomes — whether that ownership is expressed through clinical access, subscription data, or both. The buyer universe for those assets is widening beyond traditional strategics. And the path to a premium exit increasingly runs through consolidating your own corner of the market first.

DanaShift advises founders, investors, and industry leaders across animal health and pet care on the decisions that shape value – raising capital, pursuing M&A, forming strategic partnerships, and navigating transition.

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