



for his teacup poodle, Tylee. “We wanted to create a more convenient way to shop,” he says. “We also didn’t want to lose the authenticity that comes with your local pet store.” A crew of 40 uses three soundstages to produce pet-care tutorials for the company’s YouTube channel.

Chewy has raised \$236 million from investors including BlackRock and New Horizon, the venture arm of mutual fund T. Rowe Price. Billionaire e-commerce veteran Mark Vadon, Chewy’s chairman, says he’s the reason the company largely kept itself out of the press for its first five years. “I advised Ryan and Michael to lay low,” he says. “It’s better to avoid competition.” Two people familiar with the startup’s finances say Goldman Sachs is helping it prepare for an initial public offering next year.

Cohen says he isn’t concerned about the Amazon threat hanging over his and every e-commerce business. Chewy’s auto-ship subscription program works a bit like Amazon’s Dash Button, setting customers up to regularly reorder such staples as pet food and kitty litter. The bigger question: If Chewy can’t turn a profit now, with \$880 million in revenue, when can it? “It’s not so much that there are barriers to entry,” says Vadon, who took his online baby supply company Zulily public in 2013. “There are barriers to doing it well at scale.”

Chewy won’t say how much it spends on portraits and other perks. Cohen acknowledges the overhead is high but says it’s worth it. “People want that great customer experience that we specialize in,” he says. By early 2018 the company plans to add three 600,000-square-foot warehouses in the U.S., doubling its current footprint. “Making sure we can maintain what we’ve built is the focus now,” Cohen says. “We’ll find a way. We are going to be No. 1, or we will die trying.” —*Olivia Zaleski*

The bottom line Chewy is on track for \$880 million in annual revenue but hasn’t been able to make its model profitable.

receive a surprise gift—an oil painting of their pet, one of 700 made each week by one of Chewy’s 200 full-time portrait artists. “We have an aggressive approach to customer acquisition and retention,” says Chief Executive Officer Ryan Cohen. He’s understating it.

About 460 of Chewy’s 3,000 employees are customer service reps trained in pet care. At a 24-hour, 30,000-square-foot call center in Dania Beach, Fla., they can tell buyers which gluten-free food best suits a dachshund’s irritable bowel syndrome and which poultry-flavored toothpaste will temper a cat’s halitosis. They’ll remember you, too. “We keep profiles, we take notes,” Cohen says. “We know their pets’ names.” Each year, Chewy sends more than 1 million handwritten holiday cards to its customers, wishing the “pet parents” a happy and slobbery season. Since buying out every stamp at the local post office in 2014, the company has begun preordering its postage.

Cohen and co-founder Michael Day are betting that this unusual dose of thoughtfulness will help their company grab a bigger share of the \$62 billion U.S. pet supplies market from the likes of **Amazon.com**, **PetSmart**, and **Petco**. Five-year-old Chewy says it’s on track to take in \$880 million in revenue this year and expects to top \$1.5 billion in 2017, though it isn’t yet profitable. Petco and PetSmart bring in about \$4 billion and \$7 billion a year, respectively; Amazon doesn’t break out its revenue from pet supplies.

Cohen, 31, started an internet marketing company with Day, 33, after graduating from high school. They used their profits to start an online jewelry company, which morphed into a pet supply site after Cohen realized how much he enjoyed shopping

FROM LEFT, COURTESY CHEWY (4); COURTESY ZEEN (3)

E-Commerce

Pet Food That Comes With an Oil Painting

- ▶ Startup Chewy has quietly built a gigantic thoughtfulness machine
- ▶ “We keep profiles, we take notes. We know their pets’ names”

There’s customer service, and then there’s **Chewy.com**. After registering online, each of the pet supply startup’s 3 million customers gets a handwritten thank-you card in the mail. They’re also entered into a lottery to