



The Changing Veterinary Client

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Introduction

The veterinary industry has exploded in the past two decades. Spending in the US market alone has tripled since 1998 and will reach nearly \$70 billion in 2017. That is up from \$41 billion in 2007. Many believe that larger corporations that own veterinary practices may be better positioned to address the rapidly evolving consumer demands related to service and the “customer experience.” Or will they? In this session we will look at the changes taking place in the veterinary industry and the growing importance of addressing customer service – not your parent’s customer service demands but the ones brought on by off-shoots of what retailers call the Amazon Effect.

Overview

Of the nearly \$70 billion that will be spent in the veterinary industry in 2017, pet food sales is the largest piece of the pie. However, veterinary medicine is the second largest slice with an estimated \$16.6 billion going toward pet care at one of the approximate 27,000 US veterinary hospitals and clinics.

There is a lot at stake in an industry that is rapidly changing and consolidating. By the end of 2017, corporations or “consolidators” will own more than 3,100 of those locations. While that seems like a lot, it is still dwarfed by the number of independent practices throughout the US. Those corporations, however, most likely have much deeper financial pockets than the small business owners who own the other approximately 24,000 practices.

In the race for medical excellence that is increasingly in demand by pet owners, who has the upper hand? In the race for providing excellence in customer service or the customer experience, who will be able to be best in show? The answer really is that everyone better be trying to win, or the consumer will look for better options. That is the direction this new world of consumer-centric business is going – rapidly.

Millennials (Gen Y) in particular are taking the humanization of their pets to new heights. Gen Y dog owners are more likely to:

- Take pets to the vet more often, give them special medications and vitamins
- Pay for any pet service (day care, grooming, boarding, pet sitting at home)
- Have been to pet-friendly restaurants
- Take dogs on errands with them or to the dog park
- Own designer items for their pets and host parties for their dog
- Buy gifts for more occasions, spending more per gift and getting more gifts in total

The role of the internet continues to expand, in particular with social media playing an increasing role in educating pet owners. Brand name is more important than ever to pet owners, and more pet owners are spending more money on their pets.

That plays a key role in our analysis of the critical importance of understanding what consumer expectations will be in the coming years. Practices that meet those needs and evolve toward the customer will do much better than those that stay in place.

Think about how much our expectations for service delivery have changed in just the past few years. Customer service is not what it was in the 1990s. Or even in 2010 or 2015 for that matter. Much of that has been driven by technology and the evolution of service excellence developed by Amazon. Shopping has never been the same since.

Stan Phelps, in his article for Forbes called *Mind the Customer Expectation Gap*, outlined that at Amazon, the objective is not to meet customer expectations – it is to exceed expectations such that customers actually raise their expectation level for the services they provide. And, he writes that founder Jeff Bezos said the following, “We’re not competitor obsessed, we’re customer obsessed. We start with the customer and work backwards – we have three big ideas at Amazon that we’ve stuck with and they’re the reason we’re successful: Put the customer first. Invent. And be patient.”

- 76% of consumers expect organizations to understand their individual needs
- 81% of consumers demand improved response time
- 68% anticipate organizations will harmonize consumer experiences

But what does that mean to the average person running a small- to-mid sized veterinary practice? And what can we do about it?

In this talk, we will explore what people will expect in the very near future from the companies they choose to interact with. Is the typical veterinary practice set up to meet those expectations from a service perspective? Is it set up in a traditional marketing fashion? Or, is it looking toward the future and what channels its clients will want to interact with them on.

It's all going to be about personalization – but what does that mean in the veterinary industry?