

Special Report

Executive summary of phase 2 of the Bayer veterinary care usage study

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Research conducted by Bayer Animal Health in cooperation with Brakke Consulting Incorporated and the National Commission on Veterinary Economic Issues and published earlier this year¹ identified 6 key factors that have contributed to a 10-year-long decline in patient visits to veterinary practices. The 6 factors were fragmentation of veterinary services, with more points of care and a wider variety of veterinary services available to pet owners; increased use of the Web by pet owners to obtain information regarding pet health issues, rather than calling or visiting a veterinarian; the negative impact of the economic recession of 2007 to 2009 on spending for veterinary services, which exacerbated an existing issue; inadequate understanding of the need for routine examinations on the part of pet owners; the cost of veterinary care; and feline resistance (ie, many cat owners have deferred taking their cat to the veterinarian because the cat aggressively resisted being put in a carrier for transport to the veterinary clinic and showed signs of stress during veterinary visits). The findings were based on interviews with pet owners and veterinarians and a national online survey of 2,188 US dog and cat owners.

The second phase of the Bayer veterinary care usage study was a national study of companion animal practice owners. The objectives were to measure visit trends and their impact at the practice level, confirm the findings of the first phase, measure current use or interest in use by veterinarians of certain service concepts identified in the first phase of the study that could potentially motivate pet owners to visit their veterinarian more often, identify factors common to practices that had had an increase in the number of pet visits, and identify opportunities for building patient traffic.

Bayer Animal Health, Brakke, and the National Commission on Veterinary Economic Issues collaborated on the study. Ipsos Forward Research was retained to conduct the fieldwork.

Methods

An online survey of US companion animal veterinary practice owners was conducted in May 2011.

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Potential participants were selected from an Ipsos proprietary panel. There were 401 respondents. Statistical margin of error at the 95% confidence level was $\pm 4.9\%$. Logistic binary regression was used to examine all variables in the study simultaneously to identify attributes most associated with an increase in the number of patient visits to veterinary hospitals.

Key Findings

In general, the number of patient visits continued a 10-year decline, negatively affecting revenue. Fifty-one percent of respondents said the number of patient visits at their practice had decreased during the preceding 2 years, with 16% reporting decreases of $\geq 10\%$. Only 34% of respondents reported an increase in the number of patient visits during the preceding 2 years. Forty-two percent of respondents indicated that practice revenue was decreased in 2010, compared with 2009.

The overall decrease in number of patient visits was associated with a high percentage of open appointments. During the first 3 months of 2011, a mean of 61.7% of appointments were used; 25% of respondents indicated that $< 50\%$ of appointments were filled.

Four attributes were most commonly associated with practices that had had an increase in the number of patient visits during the preceding 2 years:

- Clients saw the same veterinarian during every visit.
- A belief on the part of the veterinarian that wellness examinations are the practice's most important service.
- A belief on the part of the veterinarian that marketing and advertising are important to the practice's success.
- Active use of social media, such as Facebook, for marketing purposes.

An active marketing program, a strong belief in wellness examinations, and a strong veterinarian-client bond were associated with an increase in the number of patient visits even at a time when the number of visits overall was decreasing. Two attributes were most commonly associated with a decrease in the number of patient visits:

- A belief on the part of the practice owner that advertising undermines his or her credibility as a veterinarian.
- A lack of referral arrangements with other pet service providers such as groomers, dog walkers, and pet stores.

Data at the practice level confirmed the 6 factors identified as having a negative effect on the number of patient visits (ie, fragmentation of veterinary services, use of the Web by pet owners to obtain pet health information, the 2007–2009 recession and its lingering effects, clients' lack of understanding about the need for wellness examinations, the cost of veterinary services, and feline resistance). No new factors were identified during the second phase of the study.

Many respondents indicated that they were providing or were receptive to providing some services that a substantial percentage of pet owners had indicated would cause them to visit the veterinarian more often, especially providing monthly billing for wellness programs and developing full-year health plans for pets.

However, high percentages of respondents failed to use commonly accepted management and marketing techniques that could potentially help boost patient visits. These included regularly tracking numbers of patient visits and open appointments, monitoring client satisfaction, providing referral incentives and new client discounts, providing a variety of payment options for clients, and making it easier for clients to make and keep appointments.

Summary of Findings

Number of patient visits—Fifty-one percent of respondents indicated that the number of patient visits had decreased during the preceding 2 years, with 16% of respondents indicating that number of patient visits had decreased by $\geq 10\%$ (Figure 1). Only 34% of respondents indicated that number of patient visits had increased during the preceding 2 years, and most of these indicated that the increase was $< 10\%$.

Overall, 42% of respondents reported that practice income had decreased in 2010, compared with 2009, and 11% reported no change in revenue. Among practices that had had an increase in the number of patient visits during the preceding 2 years, 88% reported that revenue increased in 2010, compared with 2009.

Effects on practices—The decrease in number of patient visits had apparently left many practices with open appointment times. Respondents indicated that for the first 3 months of 2011, a mean of 61.7% of avail-

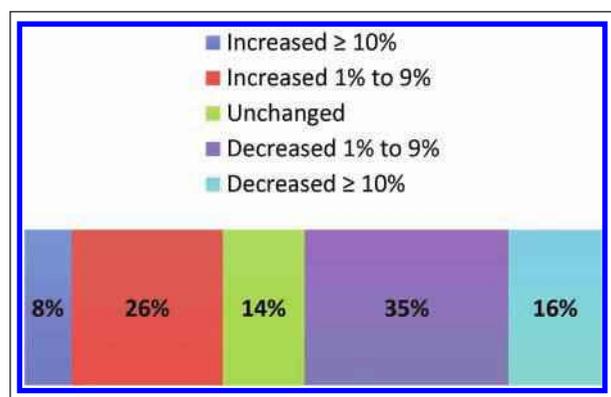


Figure 1—Change in the number of patient visits during 2009 to 2010 versus 2008 to 2009; values represent responses for companion animal veterinary practice owners (n = 401) who completed the national Bayer veterinary care usage online survey.

able appointments were used (Figure 2). Twenty-five percent of respondents indicated that during this period, $< 50\%$ of appointments were used.

The decrease in number of patient visits had also apparently had an impact on number of practice employees. Twenty-seven percent of respondents reported that their nonveterinarian staff had decreased during the preceding 2 years, compared with 20% who reported an increase in number of nonveterinarian staff and 53% who reported no change. Fifteen percent of respondents had added veterinarians in the preceding 2 years, 11% had decreased the number of veterinarians in the practice, and 74% had made no changes.

Visit drivers—Logistic binary regression was used to identify variables that were common among practices that had experienced an increase in the number of patient visits during the preceding 2 years. Four attributes most commonly associated with an increase in the number of patient visits during the preceding 2 years were identified:

- Clients saw the same veterinarian during every visit.
- The veterinarian believed that wellness examinations were the practice's most valuable service.
- The veterinarian believed that marketing and advertising were critical to the practice's success.
- The practice was an active user of social media such as Facebook.

Similarly, logistic binary regression identified 2 attributes most commonly associated with a decrease in the number of patient visits during the preceding 2 years:

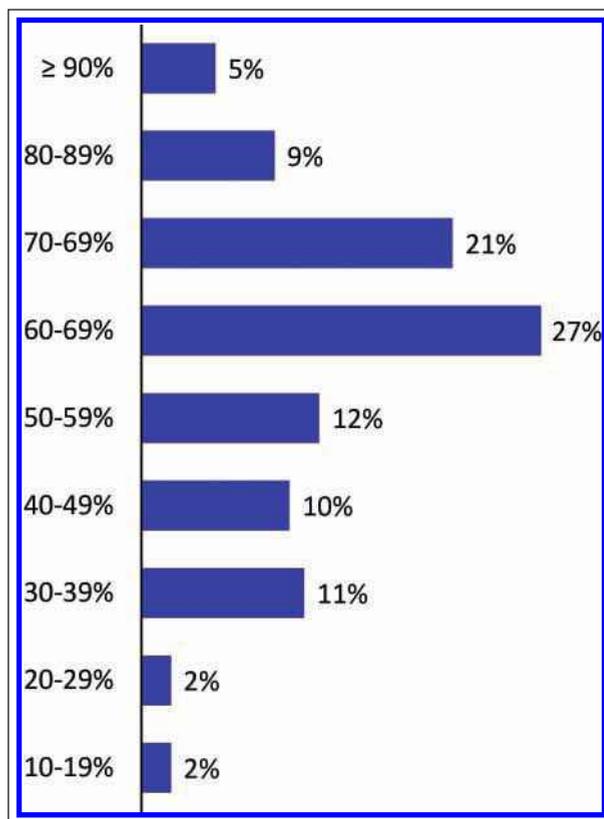


Figure 2—Percentage of appointment times filled from January to March 2011, as reported by survey respondents.

- The practice owner believed that advertising undermined his or her credibility as a veterinarian.
- The practice lacked referral arrangements with other pet service providers such as groomers, dog walkers, and pet stores.

From this analysis, we deduced that an active marketing program, a strong belief in wellness examinations, and a strong veterinarian-client bond contributed substantially to practice growth even at a time when pet visits to veterinarians overall were declining.

Impact of the recession—Fifty-one percent of respondents indicated that the recession of 2007 to 2009 had had a moderate impact on their practices, and an additional 33% said the recession had had a major impact. Only 15% said the recession had had little or no impact. However, among those practices for which the number of patient visits had increased, 32% of respondents said the recession had had little or no impact.

Most veterinarians recognized that the recession was not solely responsible for the overall decrease in the number of patient visits. Ninety-three percent agreed with the statement “Although a contributing factor, the economy is only one of several issues faced by the veterinary profession.” Fifty-six percent agreed with the statement “When the economy recovers, my clinic’s business will return to normal.”

Fragmentation of veterinary services—The first phase of the Bayer veterinary care usage study¹ indicated that the number and types of veterinary practices had increased considerably in the preceding 10 years. In the present phase, veterinarians were asked how many other practices of various types were in their trade area (ie, the area from which they drew clients). The mean was 15.3. Approximately two-thirds of these were other independent companion animal clinics. The rest were corporate clinics such as VCA Animal Hospitals or National Veterinary Associates, pet store clinics such as Banfield hospitals, mobile vaccination clinics, specialty referral clinics, and shelter clinics. The greatest growth in competition, according to survey respondents, was in the number of other independent clinics and the number of shelter or other low-cost, limited-service clinics. Low-cost clinics were the most frequently cited by respondents when asked whether they were very concerned about competition from specific types of practices (Figure 3).

Impact of the Web—During in-depth interviews conducted as part of the first phase of the Bayer veterinary care usage study, veterinarians stated that many pet owners, after consulting the Web when a pet developed signs of illness or injury, delayed taking a sick or injured pet to the veterinarian. In some instances, the animal’s condition worsened, necessitating more extensive care once the animal was evaluated by a veterinarian. As one veterinarian stated, “I’m seeing pets three days sicker.” Results of the current study confirmed these observations. In the current study, 66% of respondents agreed with the statement “These days, it seems the sick or injured pets I see should have been brought in two or three days earlier.” Veterinarians had mixed responses

about the availability of pet health information websites; 31% of respondents agreed that the Web had made it easier to work with clients, and 40% disagreed.

Use of the Web by practices was somewhat limited. Nearly a quarter of respondents said that they did not have a practice website, and < 50% said that they had a practice Facebook page. Use of other social media was almost nonexistent.

Lack of client understanding about the need for routine examinations—Survey respondents generally agreed with the finding from the first phase of the study that clients do not adequately understand the value of routine examinations. Sixty-five percent of respondents somewhat or completely agreed that wellness examinations are a commodity pet owners do not value, and 43% indicated they worry that pet owners believe veterinarians are only recommending wellness examinations to make money (Figure 4). Conversely, 72% somewhat or completely agreed that wellness examinations are the most important service their practice performs. Complete agreement with this statement was strongly associated with an increase in the number of patient visits during the preceding 2 years.

There was a strong belief among respondents in the importance of routine examinations. For both dogs and cats, 97% of respondents recommended at least once-yearly wellness examinations for adult, nonsenior pets. For senior pets, more than half of respondents recommended twice-yearly examinations for both dogs and cats; nearly all of the remainder recommended annual examinations.

Cost of care—A negative reaction to the high cost of veterinary care among pet owners was a key finding of the first phase of the Bayer veterinary care usage study. In the present phase, 74% of respondents indicated that it was becoming more difficult to increase

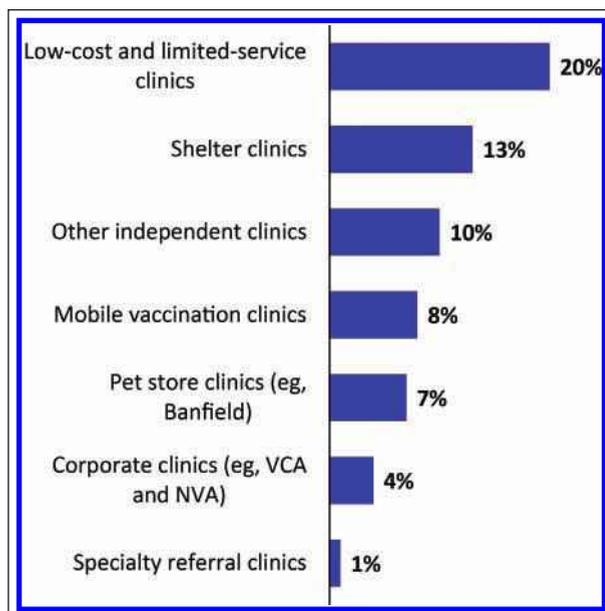


Figure 3—Percentage of respondents who indicated that they were very concerned about competition from various types of practices.

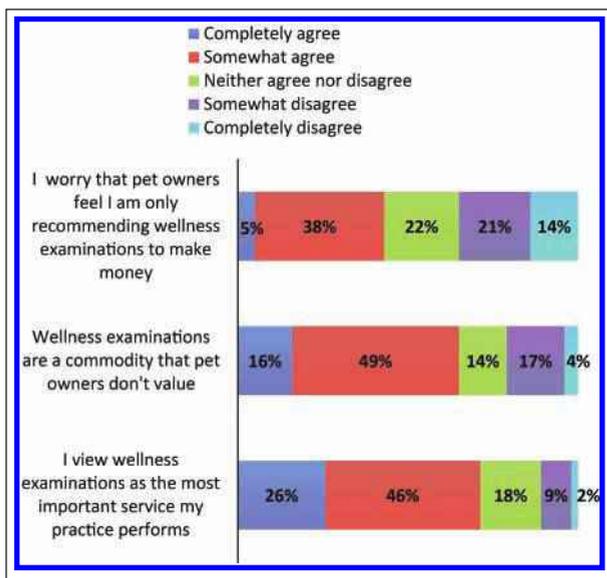


Figure 4—Survey respondents' attitudes toward wellness examinations.

fees and 49% said that clients were increasingly complaining about fees. Regardless, 56% of respondents had increased fees both in 2010 and in 2011, and an additional 24% had increased fees in one year or the other. The remaining 20% of respondents had not increased fees in either 2010 or 2011. For those increasing fees, the mean increase was 4.8% in 2010 and 4.3% in 2011.

Feline resistance—According to the AVMA,² there are approximately 13% more cats than dogs in the United States. Yet respondents indicated that dogs represented 59% of their patients and cats 39%. Seventy percent of respondents agreed that cat owners seemed more reluctant than dog owners to schedule visits to the practice. Although most (84%) respondents said that they provided training to all staff members on cats and their care, only 33% said they provided instructions to cat owners on how to make travel to the clinic less stressful. In the first phase of the study, 58% of cat owners said their pet “hated” going to the veterinarian, and during interviews, cat owners said that getting the cat into the carrier and taking it to the clinic were the greatest obstacles to visiting the veterinarian.¹

Service concepts—The first phase of the Bayer veterinary care usage study identified 4 services that a large percentage of pet owners indicated would cause them to visit the veterinary practice more often:

- Payment for routine wellness services in monthly installments.
- Full-year health plans that explain how owners should care for their pets and when visits to the veterinarian are indicated.
- Competitive prices for products available at the practice that could also be purchased elsewhere (eg, prescription drugs).
- Extended business hours.

The 2 areas that appeared to offer the most promise for increasing the number of patient visits were annual health plans for pets and monthly payment for routine

services. In the first phase of the study, 39% of respondents said they would visit the veterinarian more often if they had a full-year health plan outlining the necessary care for their pet. In the present phase, only 22% of respondents indicated that such plans were currently provided to clients now, but 40% indicated that they would be willing to provide them.

Likewise, 45% of pet owners in the first phase of the study indicated that monthly payment plans would motivate them to visit the veterinarian more often. By contrast, in the present phase, only 5% of respondents indicated that their practices offered such arrangements, although 29% indicated they were willing to do so.

In the present phase of the study, 73% of respondents indicated that they offered competitive product prices and 8% indicated that they would be willing to do so. This suggested that pricing was not well communicated to clients or, perhaps, that pricing was available only on request, because in the first phase of the study, 47% of pet owners indicated that they would visit their veterinarian more often if the practice offered competitive prices for products that could also be purchased elsewhere.

A detailed analysis of respondent's office hours and the relationship to number of patient visits and revenue did not indicate a clear advantage or disadvantage for extended office hours. Interestingly, 28% of veterinarians said that they were not willing to make any changes to increase patient visits.

Limited use of management data—Addressing problems in business requires using metrics to clearly identify the problem, plotting a course of action to solve it, and then tracking success. However, there was little evidence in the current study that veterinarians were approaching the decrease in the number of patient visits in a structured way. When asked what business metrics they reviewed at least every 3 months, only 47% of respondents indicated that they monitored number of patient visits and only 13% indicated that they monitored percentage of open appointments (Figure 5). Although 60% of respondents reviewed number of new clients at least quarterly, only 27% kept track of visits by active clients during the same interval.

Limited measurement of client satisfaction—Veterinarians felt a strong commitment to their clients, with 82% of respondents indicating that they somewhat or completely agreed with the statement “I would change how my practice operates if I knew it would increase client satisfaction” (Figure 6), and 74% indicating that they agreed that they would do almost anything to ensure that their customers were satisfied. Yet few respondents tracked client satisfaction. Only 6% completely agreed that they routinely measure satisfaction through after-service surveys; an additional 14% somewhat agreed. A study³ published in 2005 found that fostering client loyalty, including the use of after-service surveys, was 1 of the 8 key drivers of veterinarians' incomes.

Marketing opportunities—The logit analysis indicated that a belief that marketing and advertising were critical to the practice's success was closely associated with an increase in the number of patient visits. Most



Figure 5—Business metrics monitored by survey respondents at least quarterly. ATC = Average transaction charge.

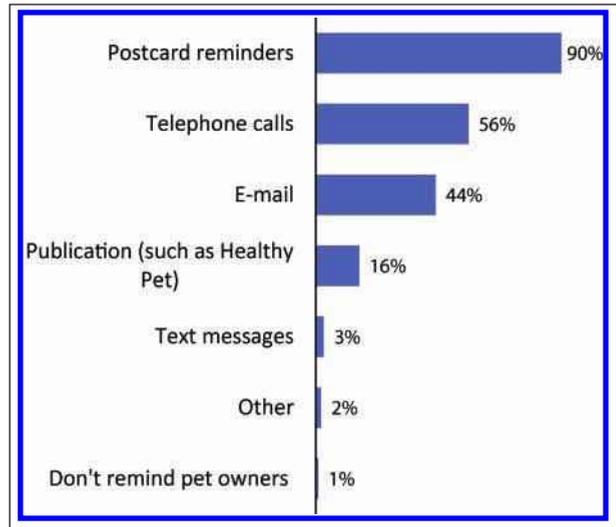


Figure 7—Use of various types of appointment reminders by survey respondents.

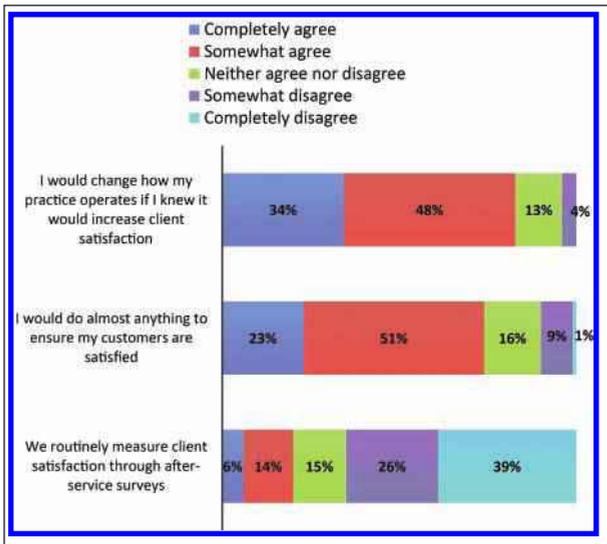


Figure 6—Survey respondents' attitudes toward client satisfaction and use of surveys.

veterinarians completely (26%) or somewhat (47%) agreed that marketing and advertising were important tools to running a successful practice. However, there was limited execution in this area.

Of 23 marketing tactics examined in the survey, only 2 were used by > 50% of respondents: a clinic website (77%) and yellow pages advertising (74%). Only 20% had referral arrangements with other pet service providers such as groomers, dog walkers, and pet stores; a lack of such arrangements was associated with a decrease in the number of patient visits during the preceding 2 years. Thirty-seven percent of respondents provided incentives to existing clients to refer new clients.

One marketing tool used somewhat commonly was offering a free first examination for pets adopted from a shelter; 45% of veterinarians indicated that their practices had such a program. Other uses of discounts were nearly nonexistent.

Managing client costs—In the first phase of the Bayer veterinary care usage study,¹ 53% of pet owners agreed with the statement “Veterinary costs are usually much higher than expected.” Cost perceptions are not driven by price alone. Cost expectations, value perception, and ability to pay at the time of service are also factors. Veterinarians have many tools available to help manage these factors, but some of these tools were sparsely used. Forty-eight percent of respondents said their clinic had a written financial policy for clients to review. Only 38% said they routinely provided estimates prior to starting treatment.

Most practices accepted cash, checks, or credit cards at the time of service. Yet 69% of veterinarians indicated client requests for alternative payment services had increased over the previous 12 months. Fifty-six percent offered third-party financing through a health-care financing service. Twenty-nine percent invoiced clients for later payment. Only 5% said they offered payment in monthly installments for routine wellness services.

Making it easier to schedule appointments—The present study measured use of 3 techniques that could make it easier for pet owners to schedule and keep appointments: asking about other pets in the household during every client visit, scheduling the next appointment before the patient leaves the practice, and using e-mail, telephone, and text-message appointment reminders in addition to traditional postcard reminders.

Asking about other household pets during every client visit is valuable because earlier interviews with pet owners found that owners who regularly take a pet (eg, a dog) to the veterinarian may have other pets at home (often a cat) that they do not take for regular visits. Thus, asking about other pets during every visit could potentially help identify those pets with lapsed appointments. In the current study, only 24% completely agreed with the statement that they ask about other pets during every visit.

Only 4% of veterinarians said they always schedule the next appointment before the patient leaves the

practice, a tool widely used in other health professions to ensure that clients schedule regular appointments. Although 56% of respondents use telephone reminders in addition to postcards, only 44% use e-mail reminders, a method preferred by many pet owners (Figure 7).

Conclusions

An ongoing decrease in the number of patient visits is having an adverse impact on a large number of companion animal practices, with more than half reporting decreases in the number of patient visits during the preceding 2 years. Most practices that experienced a decrease in the number of patient visits also had decreases in revenue. Practice owners who responded to the present survey reported that less than two-thirds of available appointments were filled in the first quarter of 2011.

Practices that had increases in the number of patient visits were those that actively marketed the practice through social media and other means, believed strongly in the importance of wellness visits, and built strong veterinarian-client bonds by having pet owners see the same veterinarian every time.

Two services appeared to offer substantial promise for attracting more pet owners to a practice: offering full-year health plans and providing monthly installment payments for routine services. The study also identified several other underused tools that could potentially help practices increase the number of patient visits:

- Using business metrics more effectively to monitor use of services by clients and patients.
- Educating cat owners on methods to acclimate their pets to carriers and to make bringing them to the practice less stressful.
- Routinely measuring client satisfaction through after-service surveys.
- Marketing the practice through referral programs with other pet service providers, providing referral incentives for existing clients, and increasing use of social media and other communications vehicles.
- Helping clients manage veterinary costs by developing written financial policies and providing treatment estimates, additional payment options, and monthly installment payment plans for routine care.
- Identifying pets with lapsed appointments by asking about other pets during every visit and reinforcing the importance of routine wellness examinations.
- Making it easier for clients to schedule and keep appointments by scheduling the next appointment before the pet leaves the practice and using a wider array of reminder methods.

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