

Why Wellness?

White Paper

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EXECUTIVE SUMMARY

Market forces are reshaping how pet owners select and pay for veterinary services and products. Propelling this seismic shift are new and emerging trends, including:

- Rising spending on pet products, including in the category of veterinary care and services
- Increasing humanization of pets
- Changing demographics, as Millennials embrace pet ownership
- Spread and adoption of the membership or subscription service model

“ This white paper outlines the key forces propelling the change in pet owners’ purchasing behaviors, and recommends core strategies for practices and hospitals to successfully care for more pets in today’s ever-changing times. ”

Capitalizing on the growth of these trends represents a fresh opportunity for new and established veterinary practices to succeed in the evolving marketplace.

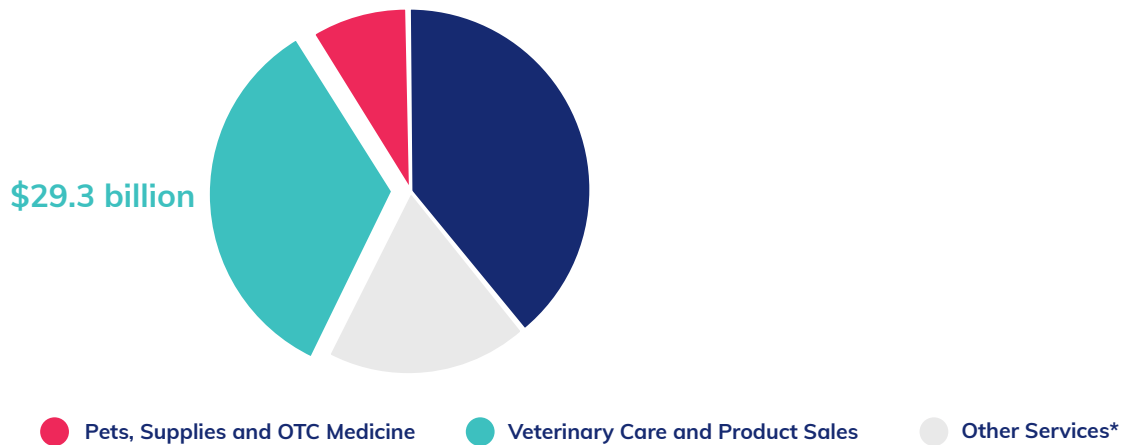
VCP, a Covetrus solution, helps single-location and multi-location practices to seize today’s opportunities by encompassing both the Practice of Wellness and Business of Wellness.. The Practice of Wellness focuses on software, wellness plan design, and management. The Business of Wellness embraces real-time data and analytics, growth and club strategies, missed payment management tools, marketing support, live coaching, and beyond.

While some practices might have concerns about wellness programs as being akin to discount programs, an overwhelming amount of data shows that discounting is not a key driver in whether consumers sign up for wellness plans. What’s more, doctors on production pay make significantly more money off of wellness plans, and the proper wellness system can make administration a breeze.

Covetrus understands a well-run wellness plan program is a **strategic business tool** that reaches beyond preventive care — to nurture client relationships, grow compliance, and stand apart from the competition — so practices and pets thrive.

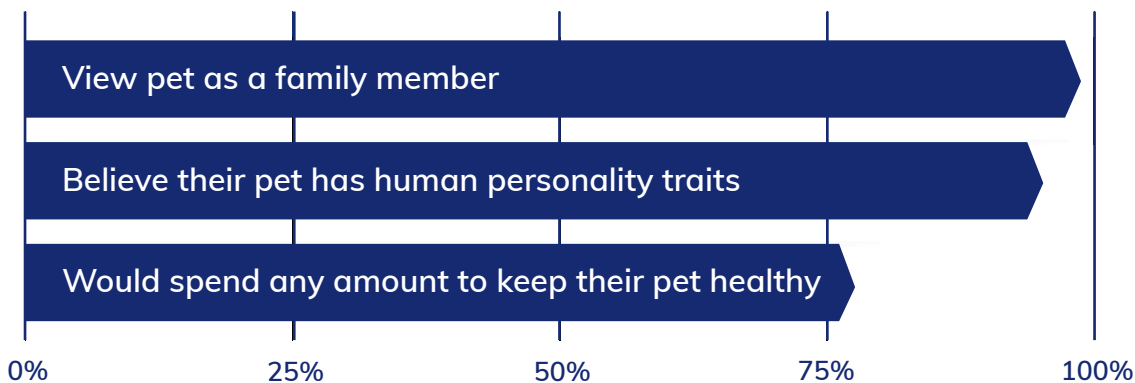
NOW'S THE TIME FOR WELLNESS

Pet ownership and spending on companion animals is climbing. Pet owners spent nearly \$96 billion in 2019, according to the American Pet Products Association, including \$29.3 billion on veterinary care and product sales.



*Boarding, grooming, insurance, training, pet sitting, and services outside of veterinary care.

The recent spending boom is partly explained by the increasing humanization of Fluffy and Fido. Three out of four pet owners surveyed by Harris Williams & Co. expressed a willingness to spend any amount to keep their pets healthy. This trend should only continue as the nation's 80 million Millennials — who increasingly favor pets over parenthood — edge out Baby Boomers as the single largest generation of dog owners.



At the same time, Millennials, along with older Americans, are flocking to subscription services from Amazon, Netflix, and the like. The growth of the subscription economy is expected to spur a rising demand for similar models in pet wellness.

The fusion of these forces makes today the ideal time for a pet wellness plan program. However, to reap results, a program must move beyond the bundle-and-discount models of yesterday.

WHAT DO TOP WELLNESS PLAN PROGRAMS DO DIFFERENTLY?

Successful pet wellness plan programs encompass both the Practice of Wellness and the Business of Wellness, explains Ron Nelson, EVP of Operations at VCP-Covetrus, the only veterinary solution to address both of these elements.

The Practice of Wellness focuses on software, wellness plan design, and program management. The Business of Wellness embraces marketing, pricing analysis, plan differentiation — all coupled with real-time data analytics to allow you to make data-backed decisions about your program. The combination of the Practice of Wellness and Business of Wellness empowers veterinary practices to grow and scale wellness plan programs.

“A well-run wellness plan program is a strategic business tool that reaches beyond preventive care.”

“It’s not your father’s Oldsmobile,” notes Nelson of the distinction. A well-run wellness plan program is a strategic business tool that reaches beyond preventive care. It is the engine for growing compliance, building customer loyalty, standing apart from the competition — and boosting the bottom line.

Wellness plan programs also act as a foot-in-the-door strategy to grow revenue for value-added services, including dental procedures, spay/neuters, and offerings like acupuncture, holistic medicine, preventive medicine, and beyond.

For veterinary practices weighing whether to add a pet wellness plan program, “there’s no better time,” Nelson notes. “Not only does it make sense, but the market dynamics — what’s going on in the marketplace, what’s going on outside the marketplace in terms of consumer behaviors — have all come together to make this an incredible time for membership.”

A convincing amount of data also shows these programs pay dividends to veterinary practices large and small — if practices run the programs as a strategic business tool. These practices grow compliance, build customer loyalty, and boost their bottom line.

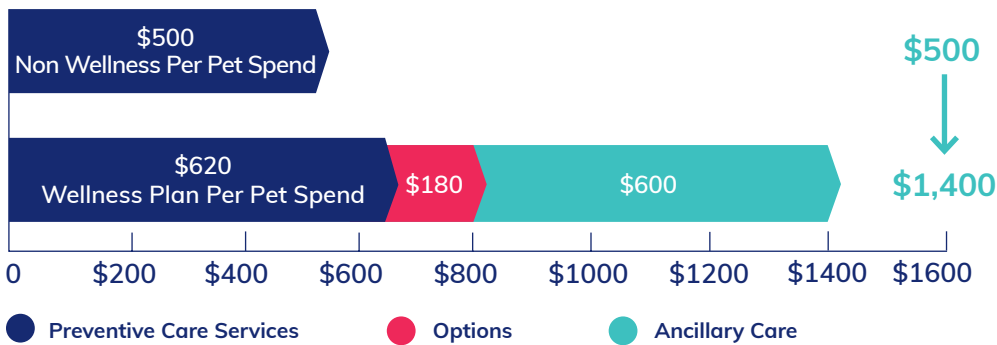
Now, let’s explore the metrics of success from veterinary practices that have rolled out substantial wellness plan programs.

GROWING REVENUE, INCREASING COMPLIANCE

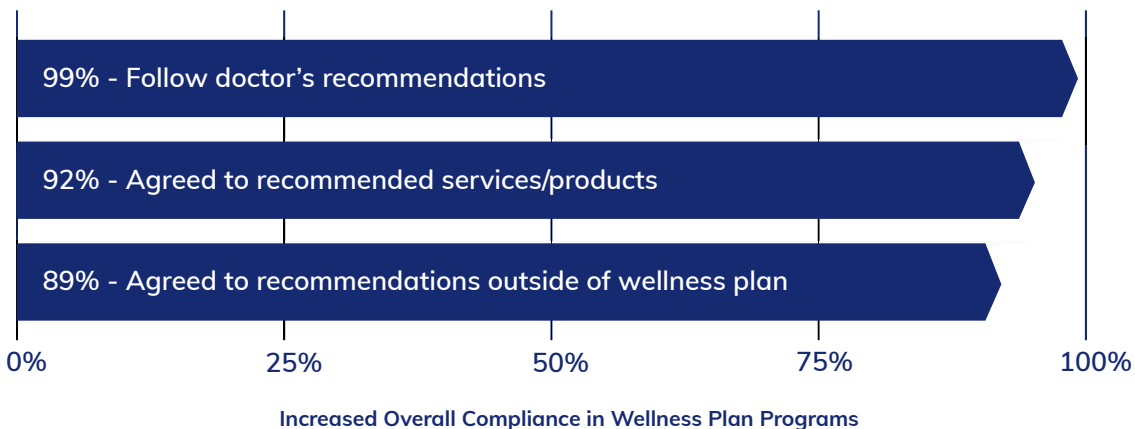
“With over 400,000 plans in our system, we certainly have data showing individual practices, as well as small and large group practices, can enjoy significant gains in compliance and revenue,” says Bob Richardson, president of VCP.

He continued, “Over the last four years, we have helped practices and organizations of all sizes build programs that have made material impacts on their business.”

Loyalty, revenue growth, and compliance, both in and out of plan, are key benefits of a well-run program.



Well-implemented wellness plan programs can produce 10% revenue growth for a practice in the first year — and almost triple that in three years or less. Owners with pets in Covetrus managed wellness plan programs schedule more visits and follow nearly all of their veterinarian’s recommendations.



In the area of dental care, VCP has seen compliance reach 99% in wellness plan programs with a dental benefit.

TREATMENT PLANS TO PROMOTE PET HEALTH

Well-run programs also allow practices to move beyond preventive care, providing a path to bundle care via **customized treatment plans** for chronic conditions, including diabetes, heart conditions, rehab, and more.

With affordable monthly payments, these treatment plans make it easier for pet owners to say “yes” to ongoing care for a chronically ill or injured pet.

MEMBERSHIP CLUBS TO DRIVE LOYALTY

To capitalize on the rise of the subscription economy and attract Millennials who prefer loyalty programs, wellness plan programs should expand to include a broader membership concept. Club membership can encompass additional benefits, such as telemedicine, on-call veterinary services, and so forth, to engender client loyalty and differentiate the practice.

“Wellness plan programs should be a complete and total package business strategy,” Nelson adds. “It’s more than preventive care. It is a **business strategy** that allows them to achieve many of the goals they have — from compliance to pet owner education to healthy pets, increasing revenue, increasing other services outside the plan, and building loyalty.”

To find out more about wellness, email:

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SOURCES

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Covetrus/VCP data