Product sales in your veterinary practice are probably 25% to 30% of total gross income; few businesses can stand to lose this much revenue.

The past 2 decades have witnessed a sea change in product sales in small animal practices.

While practices have reaped billions of dollars from these products, the cash cow is about to be slaughtered. The veterinary profession has lost its exclusive-seller status on these items. Today, popular pet drugs are easily and conveniently found on the internet, at pet retailers, and at mass-market discount stores.

Product sales in your veterinary practice are probably 25% to 30% of total gross income, and few businesses can stand to lose this much revenue. Profits from product sales help practices cover their fixed overhead expenses (eg, occupancy costs, salaries and wages, monthly debt-service and lease payments, utilities, insurance). So, flight is not an option. You must compete to defend your bottom line.

**HOW TO COMPETE**

Michael Porter, the world’s foremost business strategist, noted author, and longtime Harvard Business School professor, says every company must choose how to compete. He offers 4 options that may provide a competitive advantage:

- Selection
- Price
- Quality
- Service

A veterinary practice’s strong suits are quality and service. Competing on selection and price is difficult, because the buying power and square footage of large format retailers may not be available. However, veterinarians and team members can provide the expert opinions, professional advice tailored to client and pet, quality, and service a big-box store cannot.

**Why should clients buy pet products from you?**

Through personalized service, you can offer a better experience and more value to clients than the big-box stores.

**Q**

Why should clients buy pet products from you?

**A**

Through personalized service, you can offer a better experience and more value to clients than the big-box stores.
The struggle of small businesses in competition with big box retailers is neither new nor unique to the veterinary industry. A Google search of “How to compete against Walmart” can yield more than 2 million hits. Success—and failure—has taught retailers what to do and what not to do when Walmart comes to town. Walmart may not match your client experience and convenience, and you may not match their low prices, but you can carry products that they do not, and you can offer more upscale retail items.

GO ONLINE
One way you may be able to compete with drug selection is to partner with an online retailer. An online pharmacy allows not only for larger selection, since products are not stored and merchandised on-site, but also helps avoid the costs of carrying inventory.

Other arguments favoring veterinary-friendly online pharmacies and stores include:

• Availability 24/7/365
• Outsourcing of non-core competencies (eg, retail sales)
• Increased compliance via reminders, text messages, email messages, and automatic refills
• Increased client communication, contacts
• Delivery of a high-tech, up-to-date, modern image to pet owners

I recommend finding a professional, easy-to-use, inexpensive, veterinary-friendly online pharmacy and store with home delivery to be your partner in providing medications to your clients.

GET SERENITY
Remember the Serenity Prayer? “God, grant me the serenity to accept the things I cannot change, the courage to change the things I can, and the wisdom to know the difference.”

One way you may be able to compete with drug selection is to partner with an online retailer.

What are some things you cannot change?
• Your products are sold online
• Your products are sold in big-box stores
• Some of your clients will buy products elsewhere
• Some of your clients are motivated by low cost, a wider selection, or greater convenience—you use the same criteria in your day-to-day purchases
• You do not have the buying power of the multibillion-dollar companies
• You do not have a multimillion-dollar advertising budget

What things can you change?
• Client perception of your price:
  Clients will assume your prices are higher than the alternative—commercials such as the one for 1-800-PETMEDS tell them so. Is that always true? Check your prices—they are probably “competitive” or “in the ballpark” (assuming research and strategy were employed to calculate markups for each product). Are prices clearly displayed on all products? If not, you are sending the message that products are not priced competitively, and this may be inadvertently reinforced to your clients.

What about price per dose for flea/tick and heartworm preventive? Remember to factor in the free dose(s) or cash back. Also, compare cost per dose with nearby big-box retailers such as Costco, Target, Walmart, Petco, and PetSmart. Prominently display promotions to clients with a banner out front, signage in reception and examination rooms, footers on reminders, footers on invoices, social media posts, email blasts, or newsletters. What about more expensive pet food? Clients who spend $5 per day at Starbucks may spend another quarter per day on pet food you recommend and believe in. If possible, show cat owners their annual savings by switching to your hospital-dispensed brand. Compare big-box retail prices to your smaller bags.
• **Delivery of exceptional client experiences:** Ensure that every client experience includes a high level of compassion, service, and close attention to his or her needs.

• **Your professional opinion, expressed with conviction:** Nutrition is AAHA’s 5th Vital Assessment—every pet, every time, deserves a specific recommendation.

• **Product promotion** (eg, merchandising, reminders)

• **Perception of value:** For example, with flea and tick products, client perception of value can be increased by:
  - Conveying confidence and credibility in your communication and stressing the importance of the doctor–client–patient relationship.
  - Assuring the client that the product is authentic, is not counterfeit, is in-date, and has been stored at appropriate temperatures.
  - Offering a guarantee on the products that you sell.
  - Opening the package in the clinic and demonstrating how to apply the product, or actually applying it for the client.

• **Client education:** Show your clients prevalence maps (see capcvet.org). Show and tell the consequences of noncompliance (suggest an internet search for “heartworm removal surgery,” “fat dog,” “canine tooth extraction,” or “hookworm”). You can show the cost of prevention versus cost of treatment. You can offer social proof: “Our clients apply this product to their pets every 30 days;” “Responsible pet owners have their pets on an appropriate food.” You can quote authority—the AVMA, AAHA, CAPC, AHS, CDC, or the FDA.

If everyone in your practice can confidently educate clients on why they should buy retail products from you instead of anyone else, including big-box retailers, you can increase your client loyalty and your bottom line.

See Aids & Resources, page 48, for references & suggested reading.

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