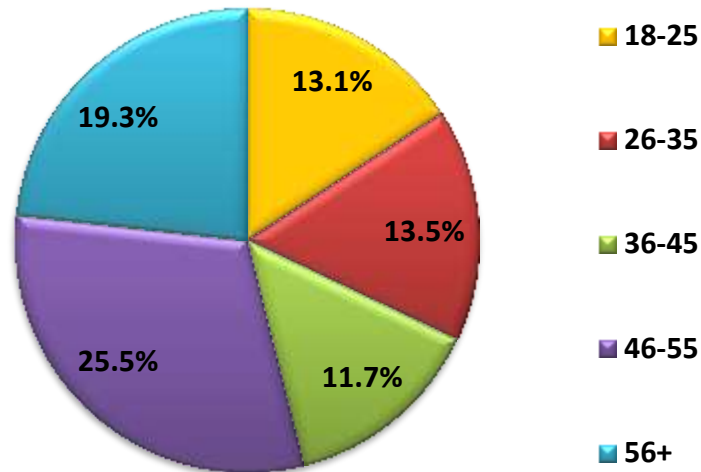


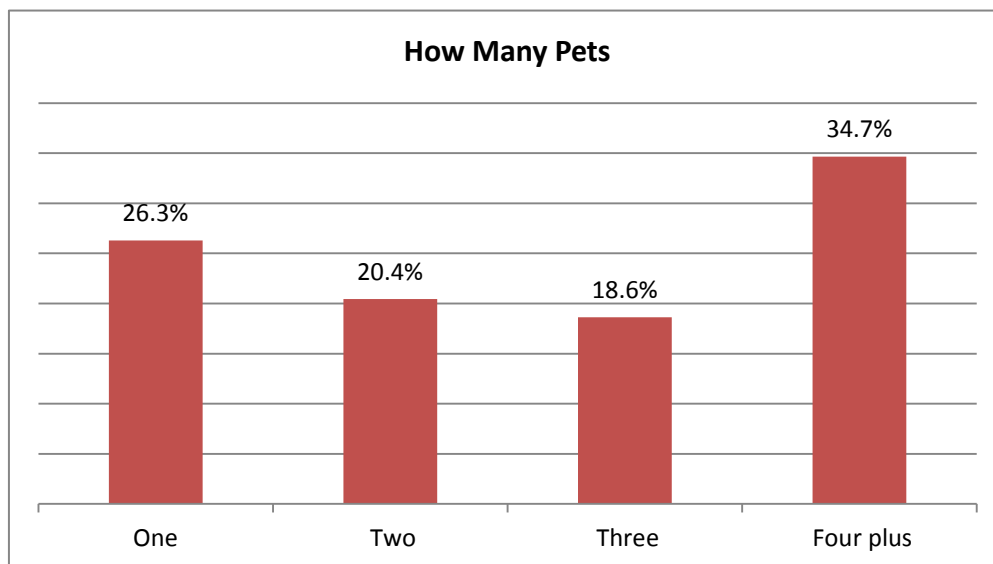
2016 VetBilling Pet Owner Survey

(Some results may not add to 100% or may add to more than 100% since some questions were not answered and/or they could select more than one answer on certain questions. Not all survey takers gave their age. This is a non-scientific survey.)

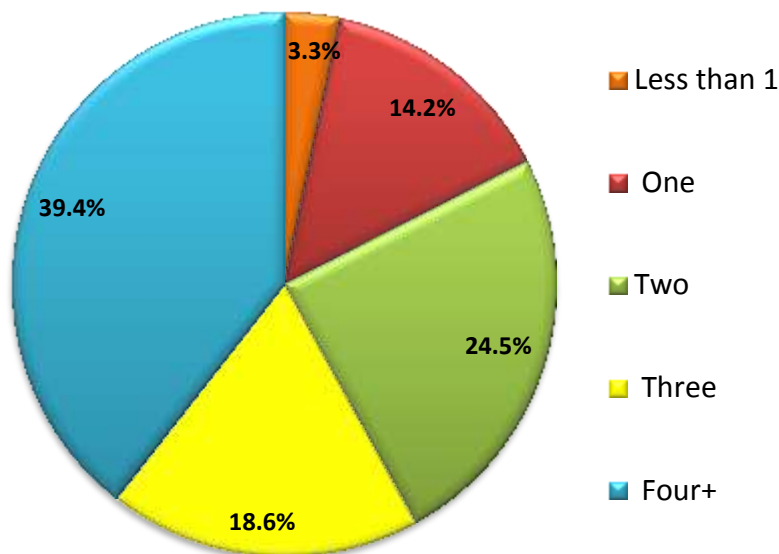
Age range for all survey takers



1. How many pets do you have?



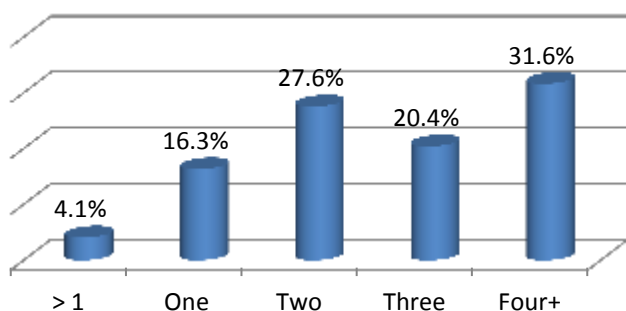
2. How many times per year do you visit your vet?



83% go two or more times per year. These numbers far exceed the AVMA 2012 study indicating that the attendees of the Pet Expo are well educated in the benefits of pet care compliance.

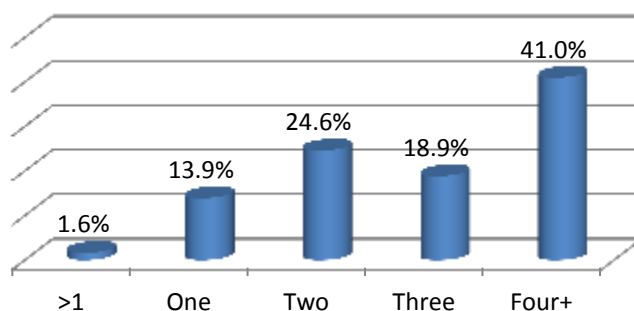
AVMA had 45% of cat owners and 19% of dog owners that did not visit the vet in the past year. Our survey only had 3.3% of the respondents that visit the vet less than once per year.

Age 18-45: How many times to vet per year



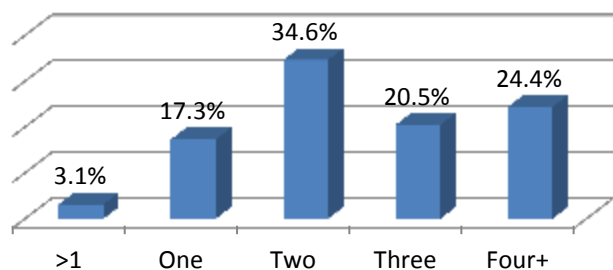
80% visit their vet 2 or more times per year
20% one or less times per year

Age 46+: How many times to vet per year

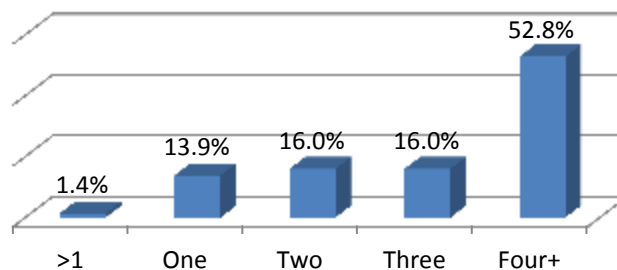


85% visit their vet 2 or more times per year, 15% one or less times per year

Own 1 to 2 pets: How many times to vet per year

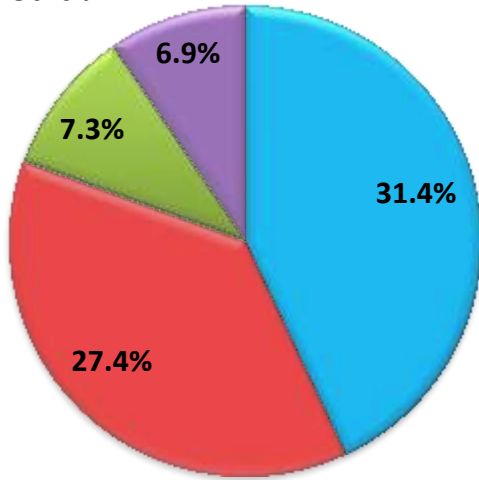


Own 3 or more pets: How many times to vet per year



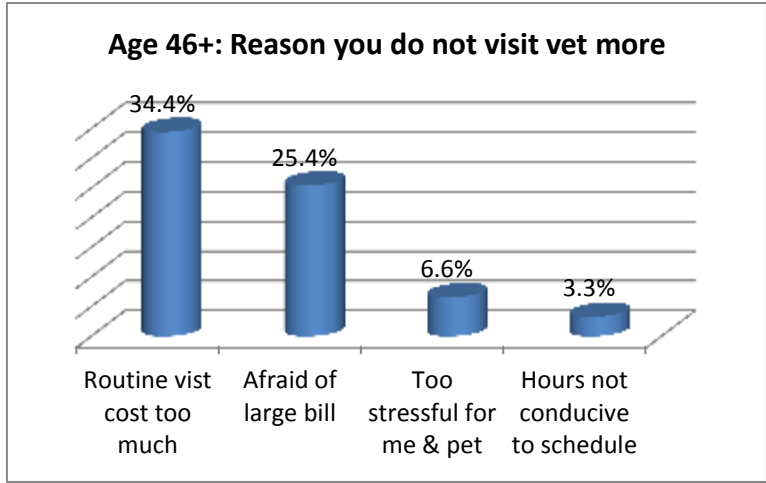
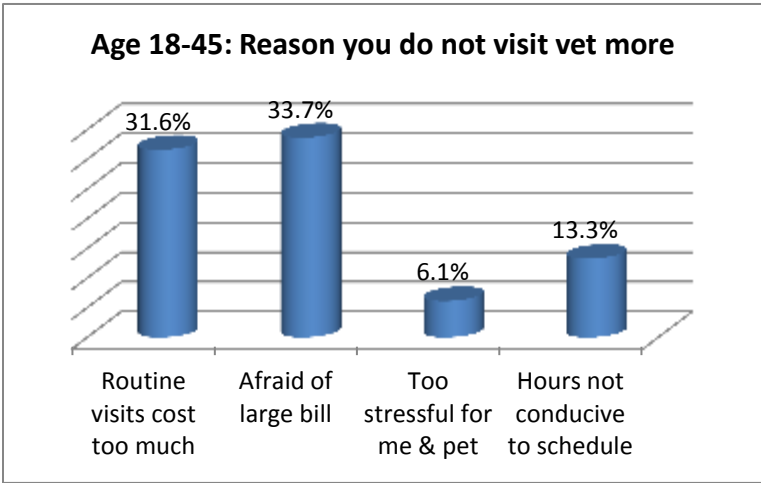
No real surprise here. The more pets the more visits

3. When asked “what is the main reason you do not visit your vet as often as you should?”

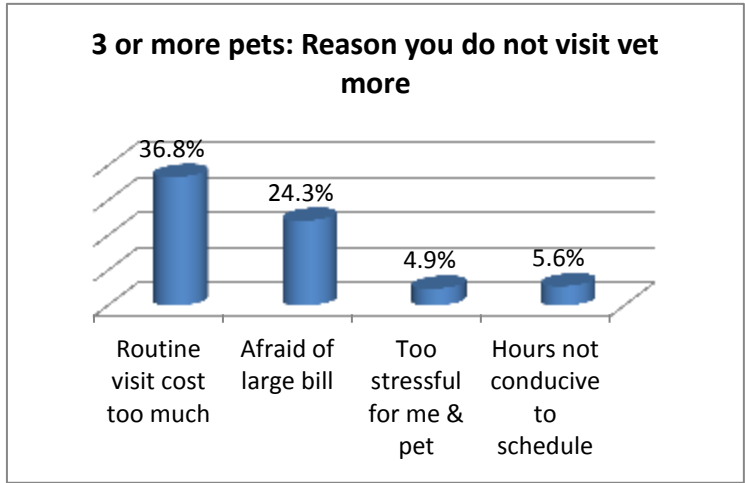
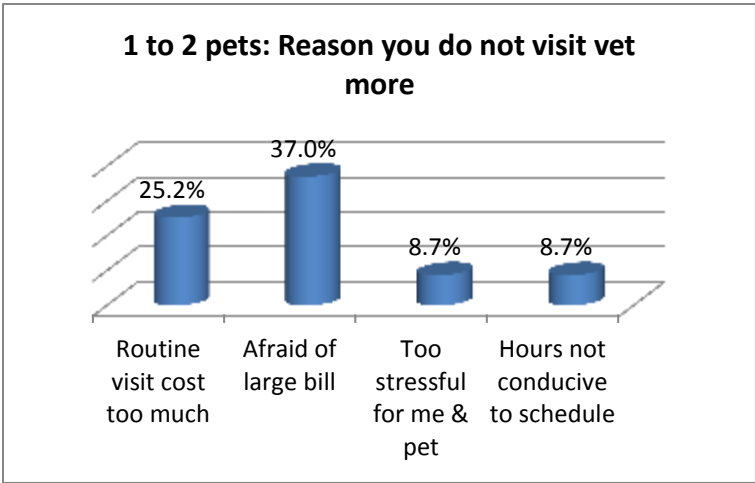


- Routine visits cost too much
- Afraid of large bill
- Too stressful for me & pet
- Hours not conducive to schedule

59% consider cost the main factor they do not go to the vet more often.

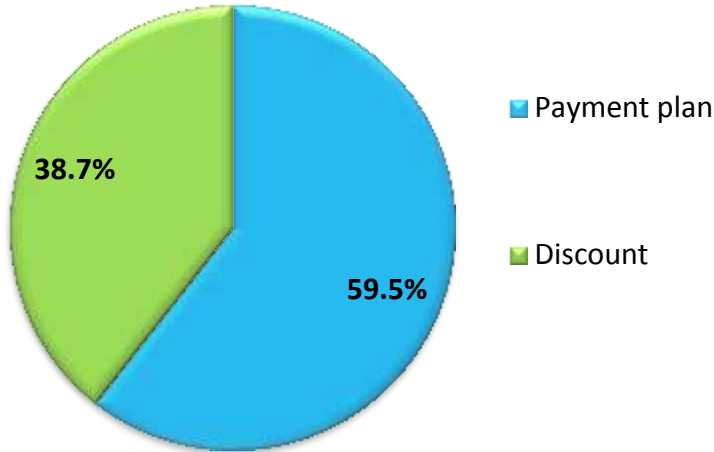


Both consider routine cost a big factor; however younger millennials consider the possibility of getting a large bill as an even bigger barrier.
Hours of operation are a big reason for not visiting the vet more often with the younger group 13% compared to 3% for the older group. Should you consider expanding your hours to attract the next generation of pet owners?



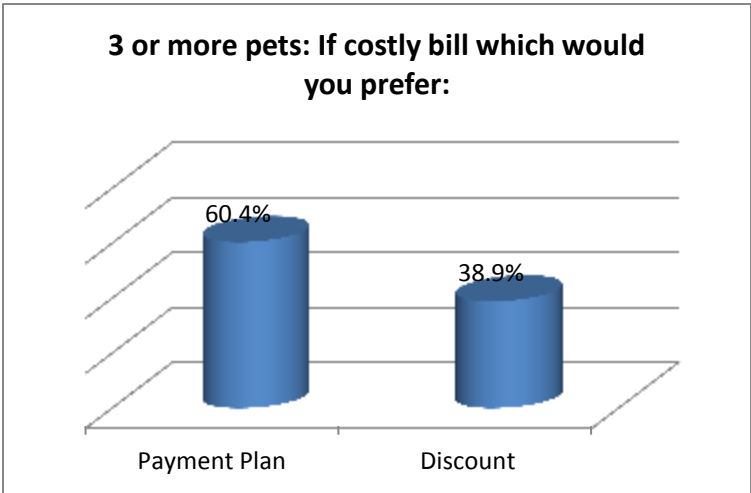
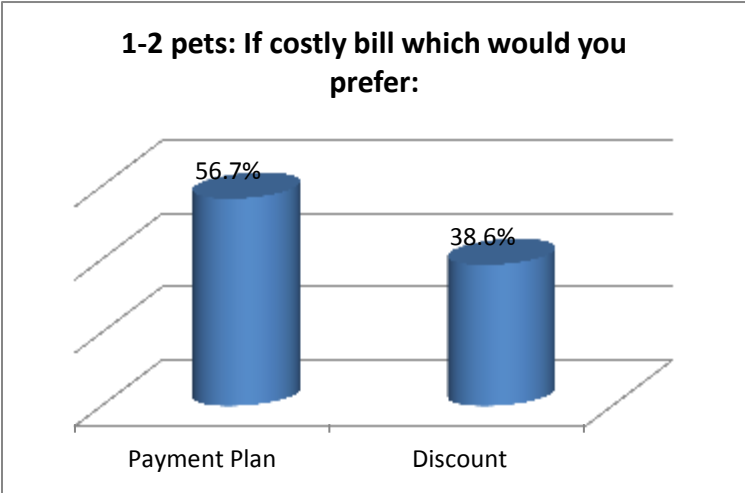
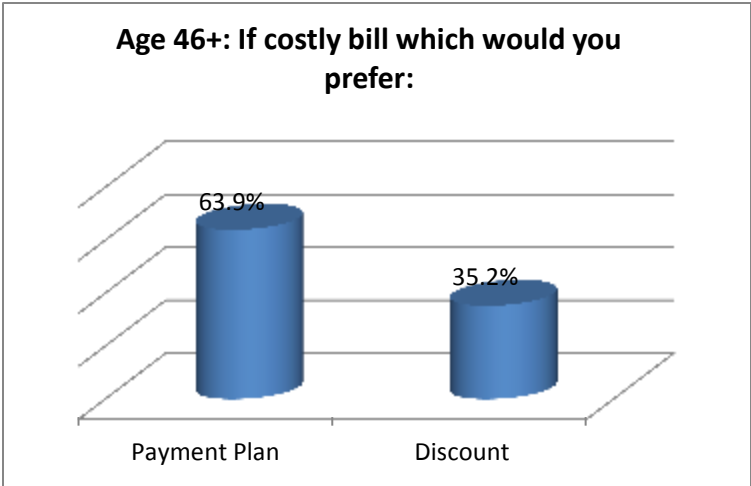
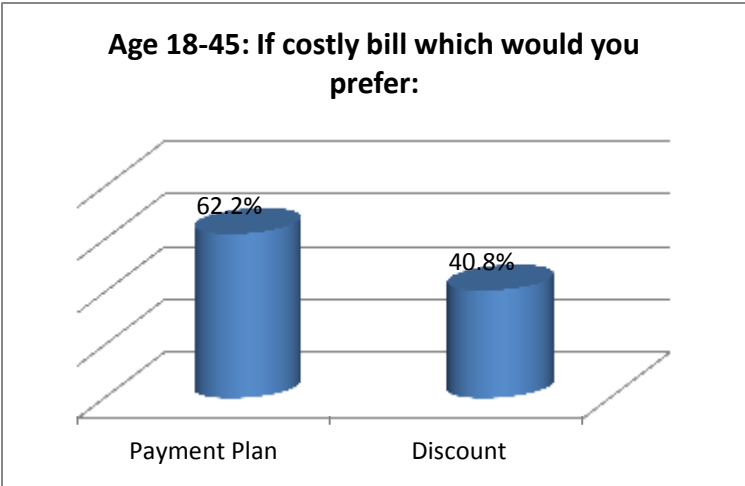
An interesting aspect here is the flip flop between “routine visits cost too much” and “afraid of large bill” for 1 to 2 pet ownership vs. 3 or more pet ownership; something to consider if you have many clients with more than 2 pets. Could you increase their visits by offering payment plans and/or a combination of a payment plan and small multiple pet discount?

4. Which would you prefer if you received a costly bill from your vet: a payment plan or a discount?



Are you giving discounts when you really do not have to?

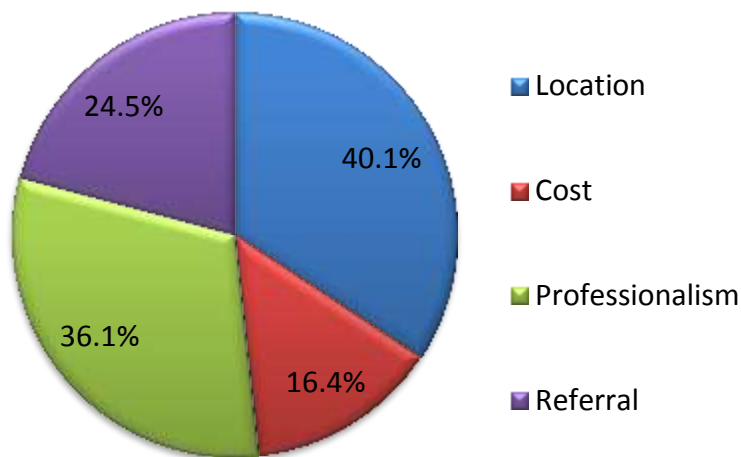
This clearly shows you could receive 100% of your treatment fees by just offering alternative payment methods.



No matter the age or the number of pets, giving your clients an alternative payment method is preferred over discounts.

If your client cannot afford to pay in full for the treatment a discount is not going to help them say yes to the treatment plan.

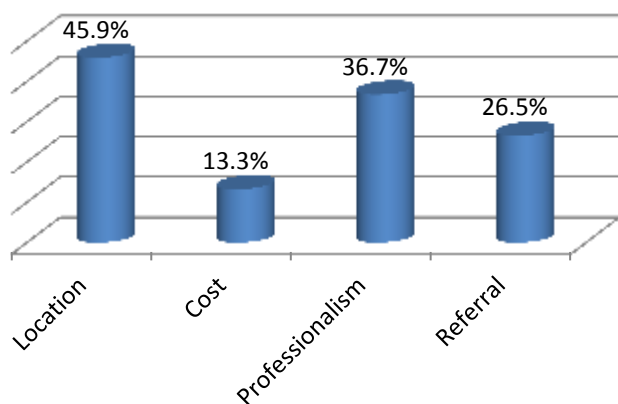
5. What is the main reason you selected your vet?



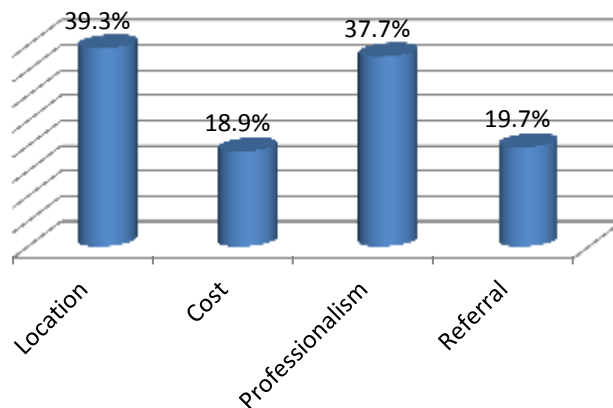
Location is the biggest reason pet owners selected their vet, the old adage location, location when opening a business.

However, a good sign for the veterinary profession, professionalism was the second most criteria for selecting a veterinarian.

Age 18-45: Reason selected your vet



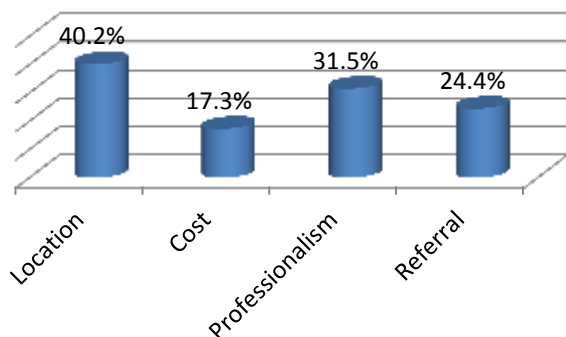
Age 46+: Reason selected your vet



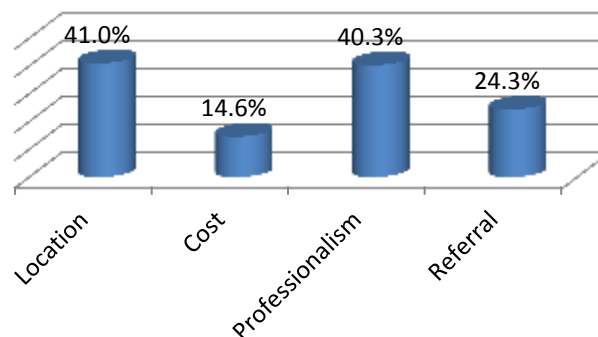
A couple of interesting observations here:

1. Location is more important than cost to the younger age group.
2. The younger age group relies on referral more. A sign of a new pet owner and maybe social media.
3. As your clients get older, cost as a reason, increases by more than 5% and location decreases by more than 6%.

1-2 pets: Reason selected your vet

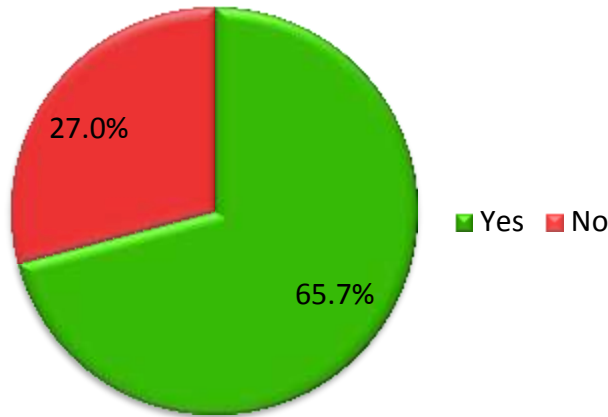


3 or more pets: Reason selected your vet



Cost is a bigger factor for one to two pets but professionalism is more important for the pet owner that has three or more pets.

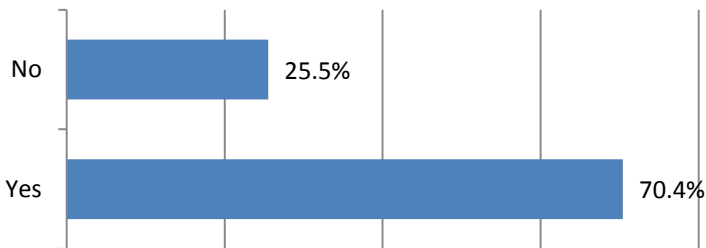
6. Would you go to the vet more often if they offered payment plans for costly procedures?



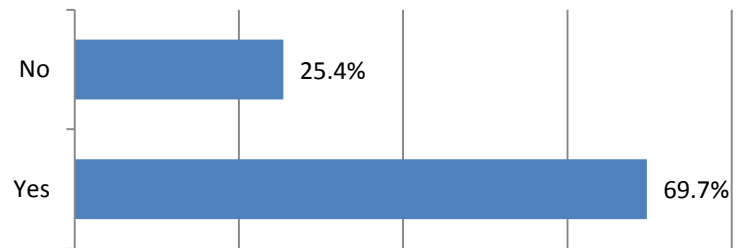
This correlates directly with question #4. If your practice were to offer alternative payment methods this could lead to higher compliance with more visits.

It indicates that if you give the consumer options they are more likely to visit your practice over another practice that does not offer this option.

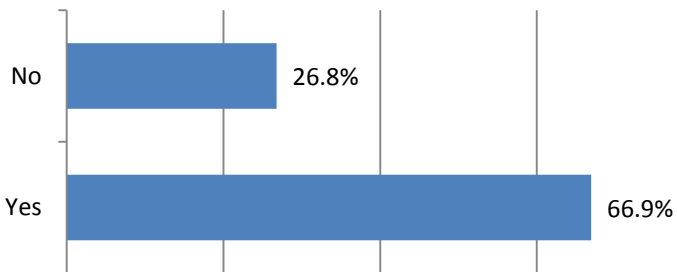
Age 18-45: Would you go to vet more often if they offered payment plans for costly procedures



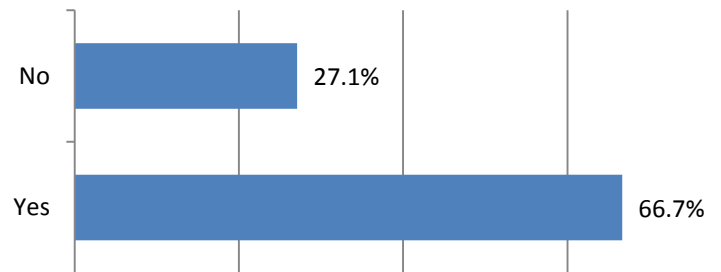
Age 46+: Would you go to vet more often if they offered payment plans for costly procedures



1-2 pets: Would you go to vet more often if they offered payment plans for costly procedures



3 or more pets: Would you go to vet more often if they offered payment plans for costly procedures

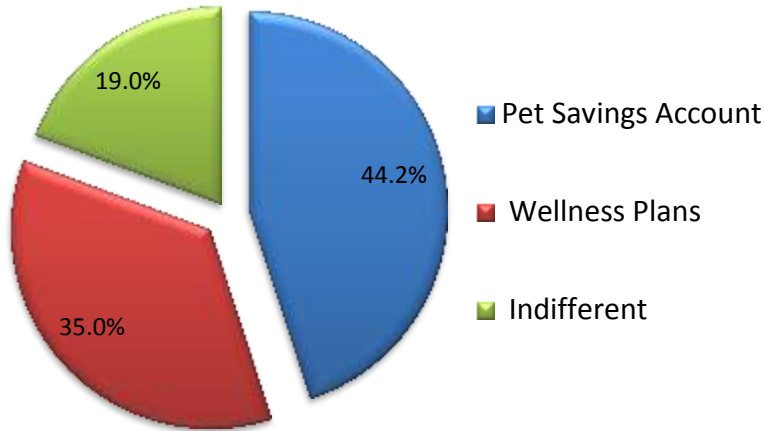


No matter the age or the number of pets, alternative payment methods must be part of your practices business model.

According to the **VHMA February 2016 Insiders Insights Survey** practices indicated that 47% say their clients are seeking more payment options. Our survey indicates that 65% to 70% of the pet owners are looking for alternative payment methods.

As we anticipated, there is a big gap between what the practices perceive and what the pet owner wants and needs.

7. What would you like to see your vet offer, Pet Savings Account or Wellness Plans?

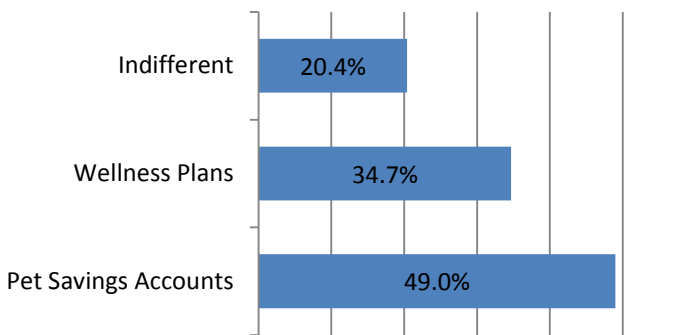


The Pet Savings Account (PSA) is preferred over Wellness Plans. When given the option the consumer would rather have the opportunity to use their money as they see fit and not be restricted to specific services of a Wellness Plan.

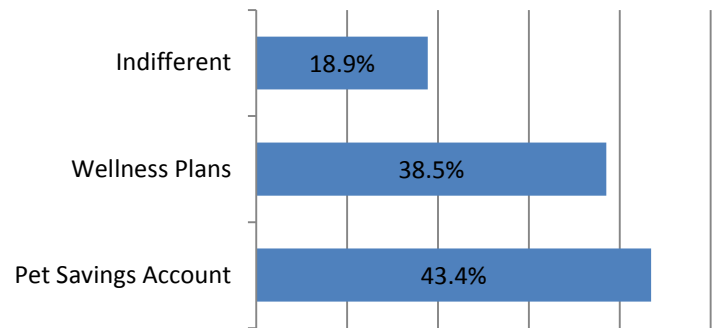
Wellness Plans are great for keeping pet care compliance high since the monthly payment is going directly towards treatment plans. However, a pet savings account could be used for any treatment and/or retail purchase.

A PSA can be structured many different ways and is a lot less complicated to implement.

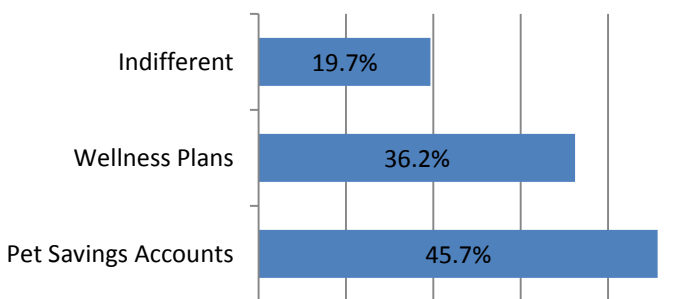
Age 18-45: Pet Savings Accounts vs. Wellness Plans



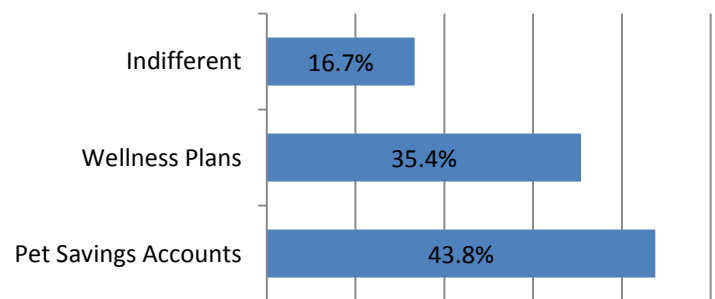
Age 46+: Pet Savings Accounts vs. Wellness Plans



1-2 pets: Pet Savings Accounts vs. Wellness Plans

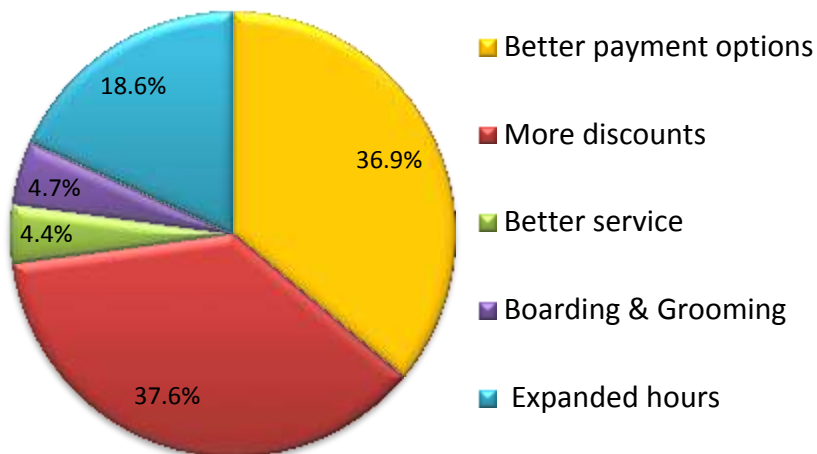


3 or more pets: Pet Savings Accounts vs. Wellness Plans



Pet Savings Accounts are preferred from 5% to 15% more often than Wellness Plans.

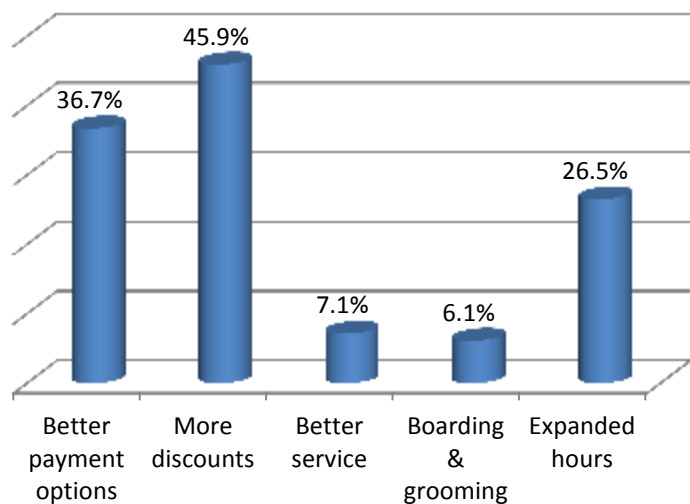
8. Would you go to the vet more often if they offered?



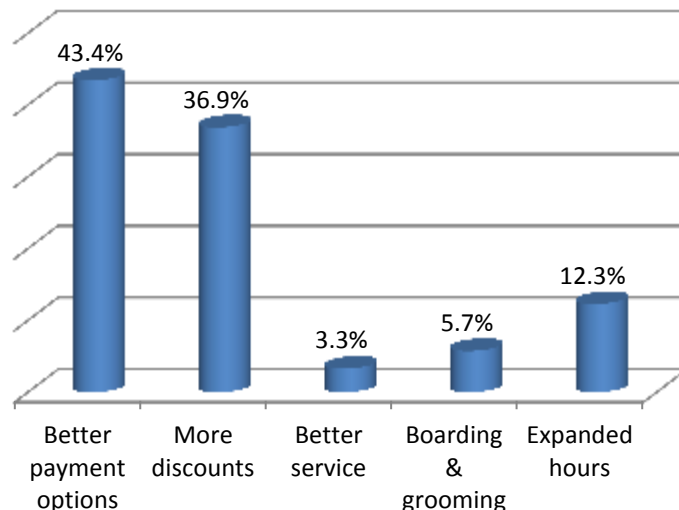
When given five different choices when asking if they would go to the vet more often, payment plans and discounts are less than 1% apart. Where payment plans and discounts still are the highest wants of the pet owner you see that they also want expanded hours to meet their scheduling needs.

There is a flip between the age groups when it comes to wanting payment plans vs discounts. The older group wants payment plans and the younger group wants discounts. The younger group also wants better hours to meet their scheduling needs far more than the older group.

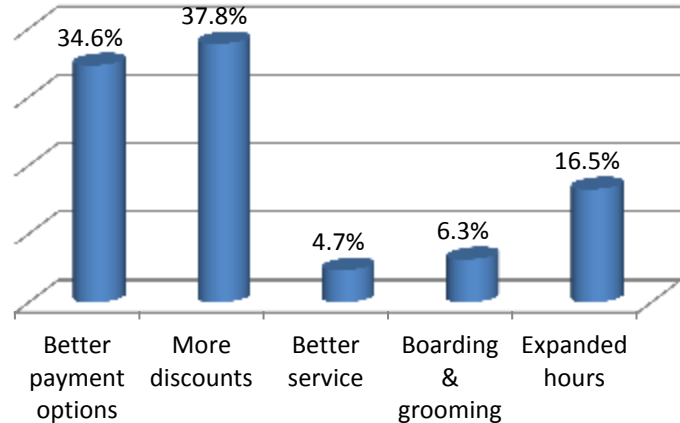
Age 18-45: Would go to vet more often if they offered:



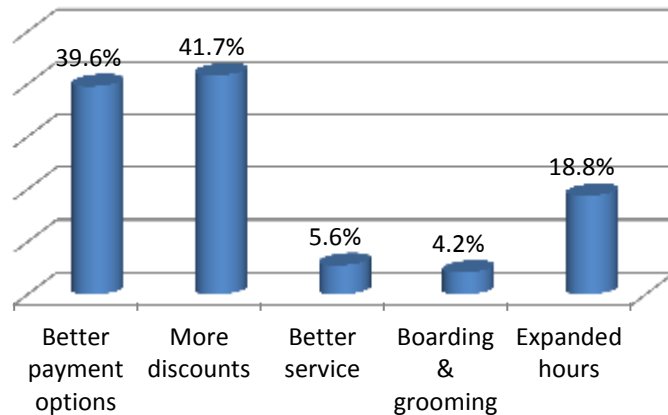
Age 46+: Would go to vet more often if they offered:



1-2 pets: Would go to vet more often if they offered:

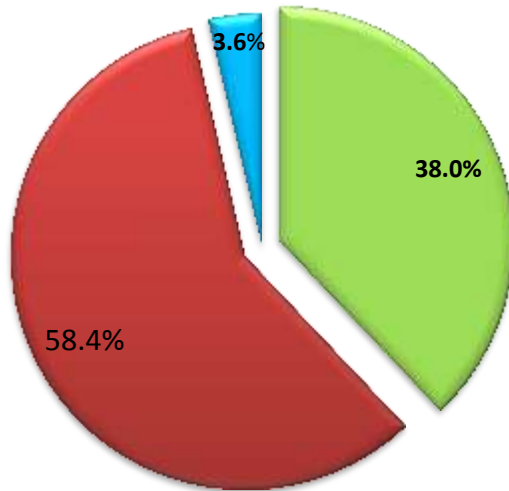


3 or more pets: Would go to vet more often if they offered:



As for the number of pets, the gap between payment plans and discounts grows slightly from 2.1% for three or more pets to 3.2% for one to two pets. Expanded hours still remains high for both groups.

9. Have you deferred or delayed a recommended procedure because of cost?



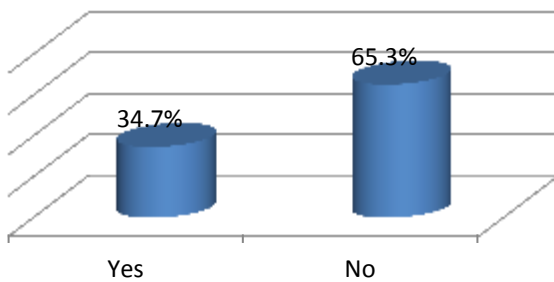
■ Yes

■ No

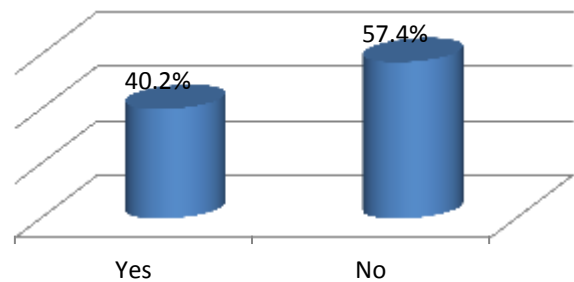
■ No answer

A very surprising 38% of respondents have delayed a treatment plan because of cost. 3.6% did not answer which could be a yes, but they may have been too embarrassed to admit in person.

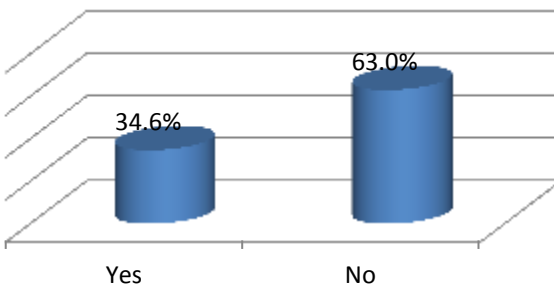
Age 18-45: Delayed or deferred procedure due to cost?



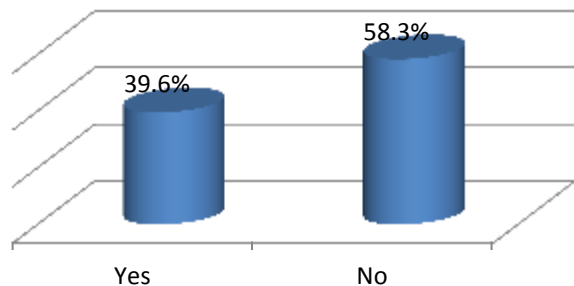
Age 46+: Delayed or deferred procedure due to cost?



1-2 pets: Delayed or deferred procedure due to cost?



3 or more pets: Delayed or deferred procedure due to cost?



34% to 40% of each group says they have delayed or deferred a procedure due to cost, a somewhat alarming rate.

A little surprising was how the younger age group was at 34.7% and the older age group was at 40.2%, which could be a result of the older group having more of a fixed income.

Overall Analysis of the Survey

Even though about 90% of pet owners consider their pets as part of the family (Harris Interactive Poll 2012), expenditures to the veterinary industry are still truly discretionary. With less than 3% of pet owners carrying pet insurance on their pets, how will the veterinary profession continue to grow? How will new veterinarians coming out of school with over \$100,000 in school debt and a shrinking starting salary going to succeed when consumer wages have been dropping (Pew Research Center) and the savings rate has dropped (Bureau of Economic Analysis)?

In order to overcome these obstacles the veterinary profession is going to have to change its business model. The industry cannot afford to keep raising prices to off-set the drop in new client visits. The consumer does not have the available means to pay for unexpected costly procedures. The idea of carrying accounts receivable (A/R) has been taboo for the industry. Why, when so many other service industries have used A/R to their advantage?

As this survey indicates, the pet owner wants alternative methods to pay for quality veterinary care. Having alternative payment methods also allows practices to offer fewer discounts which in-turn leads to higher revenue. When the pet owner is living paycheck to paycheck a discount is not the deciding factor of affordability. How they will pay for the treatment is the main factor determining if they will proceed with the treatment plan.

Studies have shown that you need to know what the real value of the savings will be to feel good about the discount you are getting. For example, you can go to a restaurant and pay \$7 for a \$70 meal, the meal would taste better and you will feel good about the bargain. But if you were to go to the same restaurant and eat the same meal over and over again for \$7.00 you would not feel the same way and you would not appreciate what a bargain you received.

This is the same scenario in the veterinary profession. The pet owner really has no way of conceptualizing the savings, making discounts difficult to comprehend. This is evident in the survey with pet owners wanting payment plans for costly procedures. Even though discounts exceeded payment plans for visiting the vet more often the degree of separation was less than 1%.

The combination of a small discount coupled with a payment plan may be the best business model for the industry to see an increase in new client visits and increased revenue, absent of price increases.

VetBilling.com is a payment processing company specializing in the veterinary industry. We specialize in managing and processing payment plans and processing Pet Savings Accounts and Wellness Plan billing for the veterinary profession. Since 1986, our parent company has helped many industries increase their revenue by implementing innovative accounts receivable management systems.

