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Veterinary Market Outlook

Implications for Practice Management



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From staff shortages and widespread burnout to inflation and shifting pet owner trends, veterinary professionals are experiencing a multitude of practice management challenges moving into 2023.

While the impact of COVID-19 was far-reaching and varied, veterinary practices across the country were forced to rapidly adapt their operations to ensure a safe environment for their staff and clients while providing essential care to their patients. After several years, clinics are easing some of their COVID-19 restrictions and policies.

However, some changes are anticipated to become standard practice in a post-pandemic world, despite their hinderance on productivity at a time when demand for veterinary care is increasing.

As pet owners grow more committed to veterinary care, the lucrative and fast growing Millennial and Generation Z pet owner markets are demanding higher quality, customized care plans for their companions; They're willing to spend more for it too!

With new patient care technologies, veterinary practices can leverage market trends, improve productivity and efficiency, strengthen their bottom lines, and provide better patient care.



70% of households in the United States own at least one pet.¹

1 in 5 American households acquired a dog or cat between March 2020 and May 2021.²

Dogs and cats are the two most popular pet choices.



54% of households in the United States own a dog, totaling 69 million dogs.¹

Dog owners spend an average of **\$1480** per year on their dog.¹

Of that yearly average, **47%** is spent on routine (\$242) and surgical (\$458) veterinary care.¹



36% of households in the United States own a cat, totaling 45.3 million cats.¹

The average cat owner spends \$902 per year on their cat.¹

Of that yearly average, 42% is spent on routine (\$178) and surgical (\$201) veterinary care.¹

Veterinary practices across the country experienced a surge in demand for their services since the onset of the COVID-19 pandemic.

According to analytics company VetSuccess, the number of appointments increased 4.5% from 2019 to 2020. During the first half of 2021, appointments increased 6.5% compared to the same time period in 2020.³

While a noticeable portion of appointments came from new patients, most of this growth can be credited to existing clients. While spending more time at home during the pandemic, pet owners were more attentive to their pet's health and more likely to notice concerning behavior to bring to their veterinarian's attention. Behavioral issues, such as anxiety, were among the most prevalent.

Banfield Pet Hospitals saw an increase of dogs (45%) and cats (91%) displaying signs of anxiety and fear since the start of the pandemic and nearly half (47%) of pet owners believe that their pet developed separation anxiety within the past year.⁴

A 2021 Banfield Pet Hospital survey found that 95% of respondents made veterinary care a priority that year; This is a large increase from their May 2020 survey where only 20% of owners were feeling more committed to routine preventative veterinary care compared to pre-pandemic.⁴

For many respondents, their pet's health took precedence over their own; 44% of pet owners admitted that their dog or cat has been to more health care visits over the past 12 months than they have.⁴

While the increasing demand for veterinary care may seem like a positive trend, a 25% decrease in practice productivity has generated substantial client backlogs. Many clinics are still struggling to catch up.³

From curbside care to increased sanitization efforts, COVID-compliant protocols ensured the safety of clients and staff but limited team productivity by

taking time away from tasks that directly impact patient care.

In addition to the increase in workload, many practices are also facing issues with time management and recruitment of suitable staff.⁵ The combination of these disruptions has slowed the number of patients veterinarians are able to see per hour—the most common metric used to measure practice productivity.³

It is clear from the perspective of veterinarians and their clients that the COVID-19 pandemic continues to create many barriers to providing and accessing veterinary care.



STAFF SHORAGES



Amidst the “Great Resignation,” employees are leaving their high-pressure veterinary jobs for other opportunities.

The 2022 Veterinary Emerging Topics Report conducted by Banfield Pet Hospital and the North American Veterinary Community (NAVC) found that 99% of veterinarians were facing staffing challenges in their clinic; 51% were “extremely concerned” with the impact it is having on their teams.⁶

In a separate study, 45% of veterinary technicians agreed when asked if they have considered changing careers since the onset of COVID-19.⁷

The veterinary industry has been facing staffing challenges for years, but the pandemic has compounded the struggle largely due to its effects on mental health and burnout.

Other contributing factors include lack of upward mobility, unmanageable work hours, inadequate support staff, low compensation and increasing abuse from clients.⁷

Many veterinary technicians are finding careers in human medicine, where their skills are transferable and there are opportunities for greater pay.

Private practices are also competing against corporate-owned clinic chains that have access to more resources to dedicate toward staffing and recruitment efforts. Independent practices struggle to match the level of pay, benefits, and sign-on bonuses offered by corporate-owned clinics.⁸

As team members leave their positions, tasks are delegated to other clinical and non-clinical staff leading to longer hours, increased overtime, and heightened stress. As staff stretch themselves thin over additional responsibilities, practices are seeing higher levels of burnout and rising turnover rates, further compounding the effects of staff shortages.

As a result of staff shortages, many clinics and emergency hospitals have had to reduce hours. Many can no longer guarantee care and are turning away patients with non-life-threatening conditions, further limiting accessibility to veterinary care.



To meet projected growth, an estimated total of 41,000 veterinarians will need to enter companion animal practice by 2030. This includes 23,000 to accommodate growth plus an addition 18,000 to cover expected retirements.⁹

However, with an estimated 2,500 to 2,600 veterinary school graduates entering companion animal practice every year, the United States is projected to face a shortage of approximately 15,000 veterinarians by 2030.⁹ According to Banfield Pet Hospital, a shortage of this size would leave 75 million pets without care.¹⁰

However, these projections do not consider the veterinarian shortage that existed long before the pandemic.⁹

A 2018 national study conducted by the American Veterinary Medical Association (AVMA) found that veterinarians collectively reported feeling so overworked that it would have taken approximately 6,300 additional full-time veterinarians to accommodate their net desire to work fewer hours.⁹

In 2019, it was estimated that the number of available jobs for veterinarians exceeded the number of viable candidates by over 2,000.⁹

Increasing pet adoptions during the pandemic along with a trend of veterinarians leaving the field or reducing hours is compounding the existing

shortage. Since the onset of the pandemic, 44% of private veterinary practitioners considered leaving veterinary medicine before retirement and 73% of veterinary clinics observed that veterinarians are in short supply.^{6,11}

Rural areas are being impacted the most, especially by the shortage of livestock and food-animal specialists. In the long term, this could have dire consequences on the food and animal product supply chain.¹²

Some states are passing legislation to incentivize veterinarians to work in underserved areas.

For example, the Arizona Veterinary Loan Assistance Program is offering student loan reimbursements to graduating veterinarians who work in Arizona for at least four years. Two of those years must be “at a municipal, county, or nonprofit shelter, or in an agricultural practice designated by the USDA as having a shortage.”¹³

In Iowa – the country’s largest state for animal agriculture – similar legislation proposed repaying up to \$15,000 a year in student loans for veterinarians who work in underserved rural areas for four years.¹⁴

Visit the AVMA's State Legislative Updates webpage to track state policy affecting veterinary medicine.



COVID-19 has had disastrous effects on mental health globally and within the veterinary profession.

However, mental health concerns have posed a significant burden to the veterinary field long before the pandemic and present themselves at a disproportionately high rate among veterinary professionals compared to the general public.

While veterinary professionals generally report high levels of job satisfaction, repeated exposure to stress and traumatic events (such as illness, abuse and euthanasia) can lead to compassion fatigue and emotional strain.^{15,16}

Other factors such as excessive workload, lack of autonomy, lack of mobility, and limited resources are major contributors to career-related burnout, particularly common for veterinary technicians.⁷ The pandemic has added to these concerns.

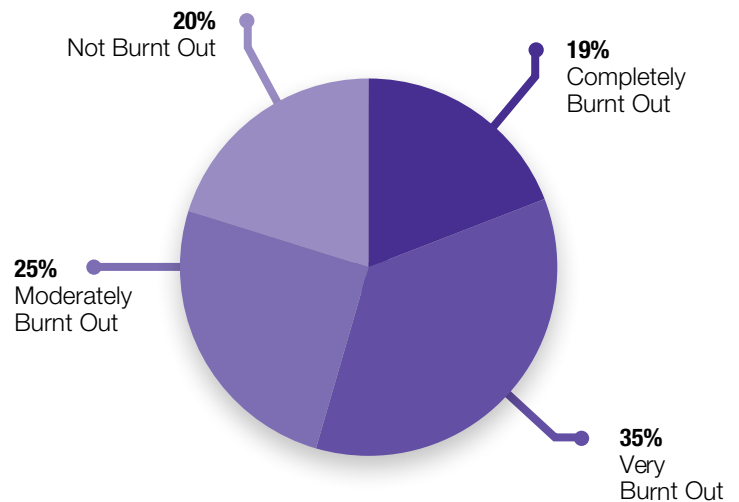
COVID-19 has pushed staff at all levels of the veterinary practice to support patients and clients through creative problem solving leading to innovations in practice operations throughout the industry. However, these rapid changes are adding more barriers to their ability to perform their jobs.¹⁷

In addition to rapid operational changes, veterinary professionals have experienced an increase in frequency of ethically challenging situations. Clinics and veterinary hospitals have seen an uptick in owners euthanizing their animals due to financial uncertainties, increasing exposure to tasks that are emotionally straining.⁷

Situations such as these contribute to the negative effects on an individual's mental health and wellbeing, and can ultimately effect their ability to provide quality care to patients and clients. It is vital for veterinary leadership to prioritize professional wellbeing to improve the health of staff and patients.

Find mental health resources at the AVMA's Wellbeing webpage.

Vet Professional Burnout Levels in the United States, 2021



Source: [CM Research](#)

Veterinary Professionals in the United States are more burnt out than any other country.

followed by Argentina and Spain. Germany, Italy and the Netherlands have the lowest levels of burn out.⁵

Veterinary Technicians and Nurses are experiencing the highest level of burn out

with 21% rating themselves as "completely burnt out."⁵

Veterinary Professionals with more years of experience are less likely to feel burnt out.

with 54% of professionals with 30+ years of experience reporting that they are "not burnt out."⁵

Staffing is often a veterinary practice's highest operational expense. After investing in building a team, losing a trained veterinary technician because they feel underutilized can be a large financial setback.

Additionally, according to the National Association of Veterinary Technicians in America (NAVTA), job satisfaction among vet techs is strongly tied to the application of their skills and knowledge. Not only does the underutilization of staff lead to operational inefficiencies, but it can contribute to lower job satisfaction and higher turnover rates.¹⁸

Research conducted by the American Veterinary Medical Association (AVMA) has also shown a clear link between increased engagement of credentialed technicians and increased revenue.¹⁸

Practice leadership must evaluate processes and workflows with the goal of optimizing existing talent to maximize technician engagement and better leverage their diverse set of skills.

By delegating nonmedical responsibilities (such as record keeping, answering phone calls, and cleaning exam rooms) to nonclinical staff, veterinarians and technicians are able to dedicate more of their time to tasks that require their specialty training and credentials.

Leveraging technology to automate tedious and time-consuming tasks helps clinical and administrative staff better utilize their time. This boosts efficiency, improves care, and empowers staff at all levels of the practice by allowing them to focus on a range of tasks they are specially trained and qualified to do.³

One-on-one conversations with technicians can help practice management pinpoint the unique strengths and passions of individual team members while also determining which of their tasks require their technician training and which can be delegated, automated, or eliminated.

Providing opportunities for specialty training can keep technicians engaged while giving them opportunities to gain certifications and expand their credentials. Investing in the professional growth of technicians enhances the value of the practice while showing a heightened level of appreciation towards the valuable role they play at the practice.



COMPETITION



Rapid expansion of consolidation over the past three decades has permanently changed the veterinary business landscape across the world.¹⁹

In 2020, 25% of veterinary practices in the U.S. were owned by corporate consolidators, compared to 6% in 2016. Emergency and specialty veterinary hospitals have a much higher rate of consolidation with 75% being owned by corporations.^{19,20}

As cash-based businesses, veterinary practices are a safe and lucrative investment for private entities to earn profit and diversify their portfolio. With high market fragmentation and a growing number of practice owners looking to sell and retire, mergers and acquisitions are smooth and easy to run.¹⁹

As a result of rapid growth, the Federal Trade Commission has forced some large corporations and private equity firms to cut back on “serial acquisitions” to stimulate competition, but these consolidation trends will not disappear any time soon.²⁰

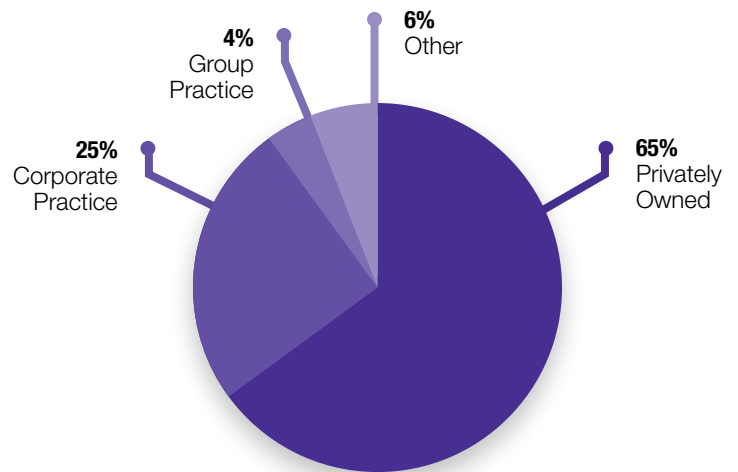
Driven by high demand, veterinary practice valuations have hit unprecedented highs and sellers are taking advantage of this opportunity to exit the field after several challenging years.²¹ Additionally, in order to compete against other buyers, consolidators are offering more flexible terms than ever before making this a sellers’ market.²²

Veterinary practice valuations peaked in the latter half of 2021. As interest rates rise and inflation hits record levels, valuations are tapering but demand remains strong.²¹

The 2021 AVMA Census of Veterinarians found that 40% of practice owners are planning to sell their practice within five years; Retirement was the most cited reason (70%).⁸ However, interest in ownership from associate veterinarians is declining; The majority of active buyers are consolidators.²²

The decline in practice ownership, particularly among young veterinarians, can be attributed to concerns over educational debt and financial risks, work-life balance, and a general low interest in management.²³

Practice Ownership in the United States, 2021



Source: [CM Research](#)



The corporate practice model offers profit opportunities with increased purchasing power and cost savings. Other benefits can include access to a dedicated human resources team, expanded options for health insurance, vacation and retirement packages, training and education opportunities, mentorship programs and more. Corporate clinics may also offer more predictable hours and more manageable workloads.^{24,25}

However, veterinarians at corporate-owned practices have less control over practice operations and business decisions, including the fees charged for their services.

A 2021 survey found that veterinary professionals working for corporate clinics show higher job dissatisfaction and are more likely to consider leaving

the profession compared to their colleagues at group or independent/privately owned clinics.⁵

Lack of autonomy, strict policy compliance, lower job security, and the pressure to grow and remain profitable for investors can contribute to burnout and the decreased satisfaction in their job.

While many believe that corporate entities can help the veterinary industry by streamlining processes and taking over management responsibilities that add little value to patient care, with the right resources and partners independent practices can replicate much of what consolidators are doing. This begins with evaluating expenses to maximize revenue, leveraging staff to maximize efficiency, and remaining competitive through product and service offerings and pricing.^{22,26}



Increasing competition within the veterinary field is being fueled by consolidation.²⁴

Client satisfaction and loyalty have become top priority for veterinary clinics competing against consolidation groups in their area. Developing lasting relationships with clients boosts retention, drives referrals, and ensures compliance.²⁴

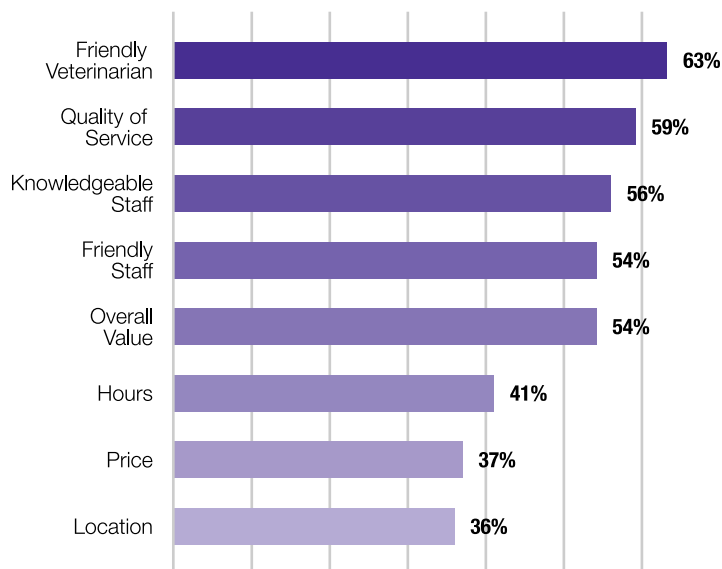
A 2021 AVMA Pet Owner Survey, found that the biggest drivers of client loyalty include the overall perceived value and quality of services as well as the friendliness and knowledgeability of veterinarians and staff.²⁷

Findings indicate that some of the best strategies to improve client perception include:

- Highlighting veterinarian and staff experience, as opposed to education and training, to more effectively communicate heightened expertise.
- Prioritizing client relationships with their animals and providing opportunities for pet owners to pursue an active role in their pet's healthcare.
- Offering individualized care with personalized recommendations to differentiate from other sources of health-related information, including trainers, groomers, and online resources.²⁷

In addition to tactics that enhance customer service and client perception, offering specialty and niche services can differentiate the clinic from other

Satisfaction Rates Among Loyal Clients, 2021



Source: AVMA

veterinary care providers in the area while attracting new patients with unique needs.²⁶

Niche and specialty veterinary services are growing as clients prioritize high-quality care for their pets. Not only does this attract new patients, especially through referrals, but it allows the clinic to charge more for their services due to greater expertise and heightened quality of care.

Ambulatory services, rehabilitation, and alternative therapies are a few examples of services that may present opportunities to specialize, differentiate and expand into niche markets.



PET OWNER TRENDS



At 32%, Millennials make up the largest portion of pet owners in the United States; More than 7 out of 10 Millennials have at least one pet.²⁸

In addition to being the largest segment of pet parents, Millennials are known for their interest in caring for a diverse array of species, making up more than one third of freshwater fish, bird, small animal and reptile owners.²⁹

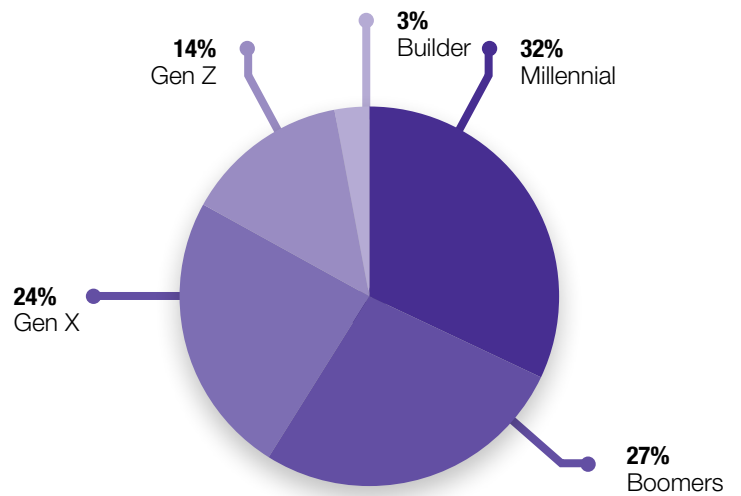
About 12% of households in the United States care for at least one pet apart from dogs and cats. This is an 11% increase over the past five years.³⁰

Compared to prior generations, Millennials are more interested in natural, eco-friendly products for themselves and their animal companions.

Viewing their pets as a part of the family, budget-minded Millennials are willing to splurge on higher quality food, toys, and personalized, holistic health care services for their pets. This group is also more interested in alternative approaches to pet wellness, including CBD, hydrotherapy, laser therapy, acupuncture, chiropractic therapy and massage therapy.³¹

While Generation Z makes up a small portion of total pet owners, 16% of this cohort welcomed a new pet to their homes during the pandemic. In

Pet Ownership in the United States, 2021



Source: [Statista.com](https://www.statista.com)

comparison, 13% of millennials and 3% of Baby Boomers have done so.³²

While insight into this demographic is limited, Gen Z is starting to show similar pet owning behaviors and preferences to millennials. As this cohort continues to enter adulthood and establish themselves as pet parents, they are anticipated to become a vital group for veterinary clinics in years to come. This emphasizes the necessity to continue observing their behavior as up-and-coming clients.



In 2021, Americans spent nearly \$100 billion on their pets—a record increase of 19.4% from the prior year.³³

Broken down by age group, Generation X and Baby Boomers are the largest forces in total pet spending but younger groups show more consistent growth year over year.

As their overall spending grows, Millennials have shown the biggest increase in pet spending since 2016 (256%) and are the only group to see an increase every year within that timeframe. Millennial pet spending is slowly catching up to prior generations as they prove their commitment to pet parenting responsibilities, including their commitment to prioritize veterinary care.^{33,34}

Veterinary services spending increased by 31.5% in 2021. Even with a 4.2% inflation rate, 87% of this growth was real.³⁵ As inflation continues to rise, the prices for veterinary services increased 10% in 2022—the biggest spike in two decades.²⁰

Veterinary service spending is largely driven by income. Middle to low income households are feeling the greatest strain from inflation, especially from the food and fuel segments. This could result in fewer visits and less spent per visit from these clients.³⁵

Historically, during difficult economic times pet

owners have continued to seek routine care and preventative services but are more likely to decline elective procedures.¹⁷

In a 2022 Forbes survey, 63% of pet owners reported that inflation has made it more difficult to pay an unexpected veterinary bill. Despite this concern, only 38% of pet owners are cutting back on their monthly pet spending while nearly two-thirds are spending more (8%) or about the same (55%) on their pets in 2022 compared to the prior year.³⁶

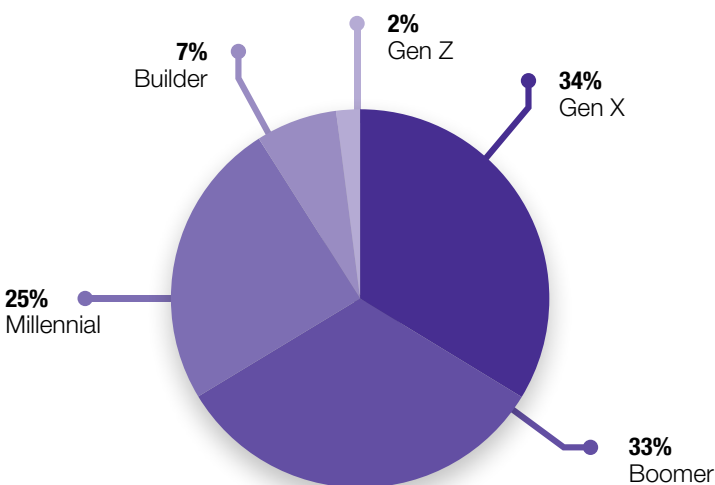
In the fall of 2022, veterinary clinics began seeing an increase in elapsed client visits. Some clinics were seeing a 10% to 20%; Others were approaching 40%. For small clinics, these factors add up quickly and must be addressed early on.¹⁷

To improve retention, veterinary clinics can be proactive with clients by emphasizing the importance of routine preventative care visits that can save clients' money in the long run.

Veterinarians should also explore ways to differentiate and establish a niche that sets them apart from other practices in their area to attract new patients.

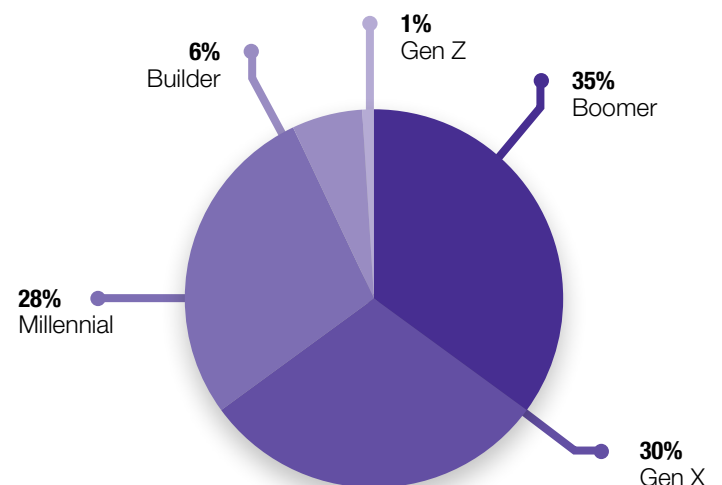
Lastly, incorporating new technologies that can innovate, optimize, and transform how the practice delivers care can help veterinarians set their practice up for success against economic downturns.

Share of Total Pet Spending in the United States, 2021



Source: [Pet Business Professor](#)

Share of Vet Service Spending in the United States, 2021



Source: [Pet Business Professor](#)

Offering natural and holistic solutions to pain and inflammation will be necessary for veterinary practices to differentiate from competitors, tap into niche markets, and stay relevant as young generations of pet owners continue to grow.

Laser therapy uses light to favor and accelerate the body's natural healing processes. Photons penetrate the tissue where they interact with chromophores that cause different biological effects, including reduced pain and inflammation, improved function and mobility, and faster wound healing.

Laser therapy is a staff-driven service that is growing in popularity as it continues to gain the attention of progressive practitioners and savvy consumers who wish to avoid pharmaceuticals and invasive procedures for themselves and their pets.

As technology evolves, lasers are becoming more effective and are producing better clinical outcomes with shorter treatment times.

Based on over 30 years of research, the Multiwave Locked System (MLS®) was developed in an effort to produce an efficient and simultaneous effect on pain and inflammation, exceeding the limitations of traditional low level therapy lasers while avoiding concerns of many other higher power Class IV therapy lasers.

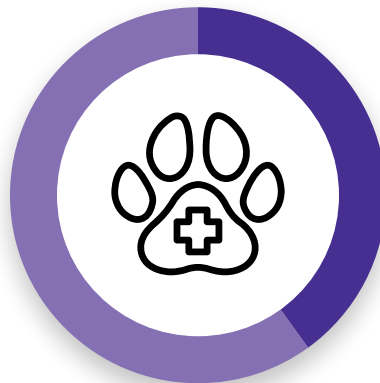
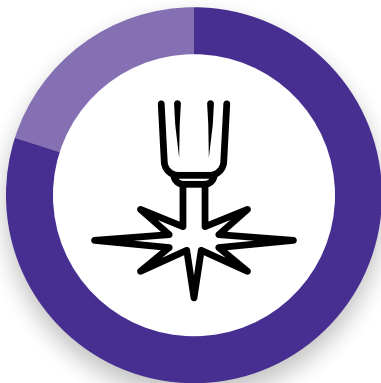
With over 300 different treatment applications, MLS Laser Therapy can provide natural relief of pain and inflammation associated with a wide range of conditions. Studies show that laser therapy can benefit up to 80% of veterinary patients making it an expansive revenue opportunity, especially among Gen Z and Millennial pet owners with a growing interest in natural and holistic alternatives.

Veterinary professionals who are able to address this trend by educating clients about alternative pain management solutions and offering modalities, such as MLS Laser Therapy, can proactively build their reputation as a cutting-edge provider while promoting client loyalty.

MLS® Laser Therapy relieves pain and inflammation associated with:

- Wounds and Post-Surgical Incisions
- Arthritis and Osteoarthritis
- Back and Hip Conditions
- Acute Trauma
- Chronic Pain Conditions
- and Many Others

[Download the MLS Indications Checklist.](#)



80% of veterinary patients could benefit from laser therapy treatments.

40% of veterinary clinics are already offering laser therapy to their patients.³⁷

85-90% efficacy rate allows your practice to deliver exceptional care.

With more than 20 years of experience, [Cutting Edge Laser Technologies](#) understands the unique challenges that veterinary professionals face in an ever-changing landscape of patient care. As a world leader in light-based surgical and pain management technologies, our opportunity to help veterinary professionals and their patients is huge!

Since our founding in 2001, our mission has remained the same: to provide high-value medical equipment to medical and veterinary healthcare professionals that will elevate quality of care while strengthening their bottom line.

Cutting Edge is the exclusive provider of the patented, clinically validated, and FDA-cleared [MLS Therapy Laser](#) technology with different models and configurations designed to meet a variety of practice needs.

Our [CO₂ surgical systems](#) set a new standard for veterinary laser surgery by combining advanced features with easy, maintenance-free operation for the provider and reduced pain, bleeding, swelling and chance of infection for the patient.

The unique Cutting Edge CO₂ Surgical and MLS Therapy Laser technologies coupled with our world-class training, customer support, and marketing programs enable veterinarians to combat modern practice management challenges while effortlessly implementing innovative and in-demand services into their practice.

Learn more about the Cutting Edge Difference, including service and support.



The COVID-19 pandemic will have lasting effects on the veterinary field, including a long overdue shift in the way we view mental health and wellbeing in the workplace. Despite the challenges the industry has faced over the past few years, the future of veterinary care is bright.

Moving into 2023, it is more important now than ever before for veterinary clinics to consider how technology can improve patient outcomes and overall practice operations.

Veterinarians must also recognize the shifting pet ownership demographics leading to an increase

in demand for holistic animal healthcare and less-invasive, non-pharmacological pain management options.

Veterinary practitioners can improve care and promote loyalty by meeting client demands for expert, customized care with advanced techniques that accelerate patient recoveries.

With staff-driven pain management technologies, veterinary practitioners can address these demands while establishing a competitive advantage, increasing productivity, and improving profitability of clinic-based services.



Better Medicine. Better Business.

Discover how MLS® Laser Therapy from Cutting Edge Laser Technologies can elevate patient care while strengthening your bottom line at CELasers.com or call **800.889.4184 x125**.



