

2020

VETERINARY

**MARKET
OUTLOOK**

AND IMPLICATIONS FOR
VETERINARY PRACTICE
MANAGEMENT

**CUTTING
EDGE**
LASER TECHNOLOGIES

PREPARED BY
CUTTING EDGE LASER TECHNOLOGIES

VETERINARY MARKET

Veterinary professionals are experiencing a multitude of practice management challenges in the form of the shifting demographics of pet ownership.

Impacting this shift is the demand for more holistic and natural pet care, loss of clinic revenue from online pharmacies and other pet supply vendors, and growing demand for less invasive pain management alternatives. Despite the serious challenges facing veterinary practices, the opportunities exist to develop relationships in the growing and lucrative market of Millennial pet owners where a higher level of care for acute and chronic pain conditions can also increase practice profitability. By implementing new treatment technologies; veterinary practices can leverage market trends, keep more profit in the clinic, and provide a better patient experience.

The top four trends impacting veterinary practices are:

1. The shift in pet ownership demographics due to the lucrative Millennial generation
2. Increasing demand for higher levels of "natural" care by Millennial pet owners.
3. Revenue pressure driven by the growth of the online pharmaceutical and other pet supply vendors.
4. Demand for less invasive, more effective pain management alternatives.



US households with pets.



Millennials comprise the largest segment of pet owners.



Pet owners who have paid for alternative treatments for their animals.



\$1,285

The amount Millennial dog owners spend on their pet annually.



\$915

The amount Millennial cat owners spend on their pet annually.



40% of veterinary clinics currently use laser therapy.



80% of veterinary patients can benefit from laser therapy.



27-30% Annual veterinary practice revenue loss from online pharmacies.

PET OWNERSHIP

The shift in pet ownership demographics to the lucrative Millennial segment is now the largest segment of owners. 35% of the market is now comprised of the Millennial generation (individuals born between 1982 and 1996).



This trend should be welcome news for veterinary practices since these pet owners truly view their “fur babies” as members of their family and often share a deep bond with them. As a result, Millennial pet owners are willing to do and spend more to ensure that their pets remain healthy and vital for as long as possible.

Consider the following statistics from a recent TD Ameritrade survey of Millennial pet owners as proof of the revenue opportunities this market segment offers:

- Millennials are willing to spend an average of nearly \$2,000 for an animal's medical care.
- Millennial dog owners spend \$1,285 per year on their pet. As a group, that accounts for \$67 billion annually.
- Young cat owners spend slightly less, at \$915 per year individually and \$33.5 billion a year as a group.
- 10% of Millennial pet owners said they are prepared to spend \$10,000 or more on a sick pet.
- Millennials expect their out-of-pocket medical expenses for their dogs to be higher than their own health care costs over the lifespan of their animals.

Millennials are dedicated not only to having animal companions but to allocating financial resources for their ongoing healthcare as well. By adding innovative treatment options such as laser therapy to appropriate patient treatment plans, veterinary practices can expand relationships with technology-savvy Millennials, opening the door to long-term revenue gains in the process.

INCREASING DEMAND

One of the driving forces behind **Millennials'** willingness to spend money on their pets healthcare is their propensity toward "natural" (i.e. non-surgical and non-drug) solutions to pain management and other clinical conditions—both for themselves and their animals.



Pet industry analyst Nathaniel Richter studies generational changes in the pet product market. He says that although they have less money overall, Millennials are more likely than Baby Boomers to buy products for their pets that are organic or natural. This trend aligns with the growing use of non-invasive treatments such as laser therapy in many veterinary practices today. Studies show that laser therapy can benefit up to 80% of veterinary patients, which means an expansive revenue opportunity for many clinics, particularly those serving Millennial pet owners who have a higher affinity for non-invasive, non-drug modalities to treat their pets' inflammation or pain.

MLS LASER THERAPY CAN HELP PROVIDE A NATURAL TREATMENT OPTION FOR INFLAMMATION AND PAIN ASSOCIATED WITH:

- Post-surgical Incisions
- Arthritis
- Back and hip conditions
- Oral disease
- Wounds
- Surgical procedures
- Acute trauma
- Chronic pain conditions

LESS INVASIVE

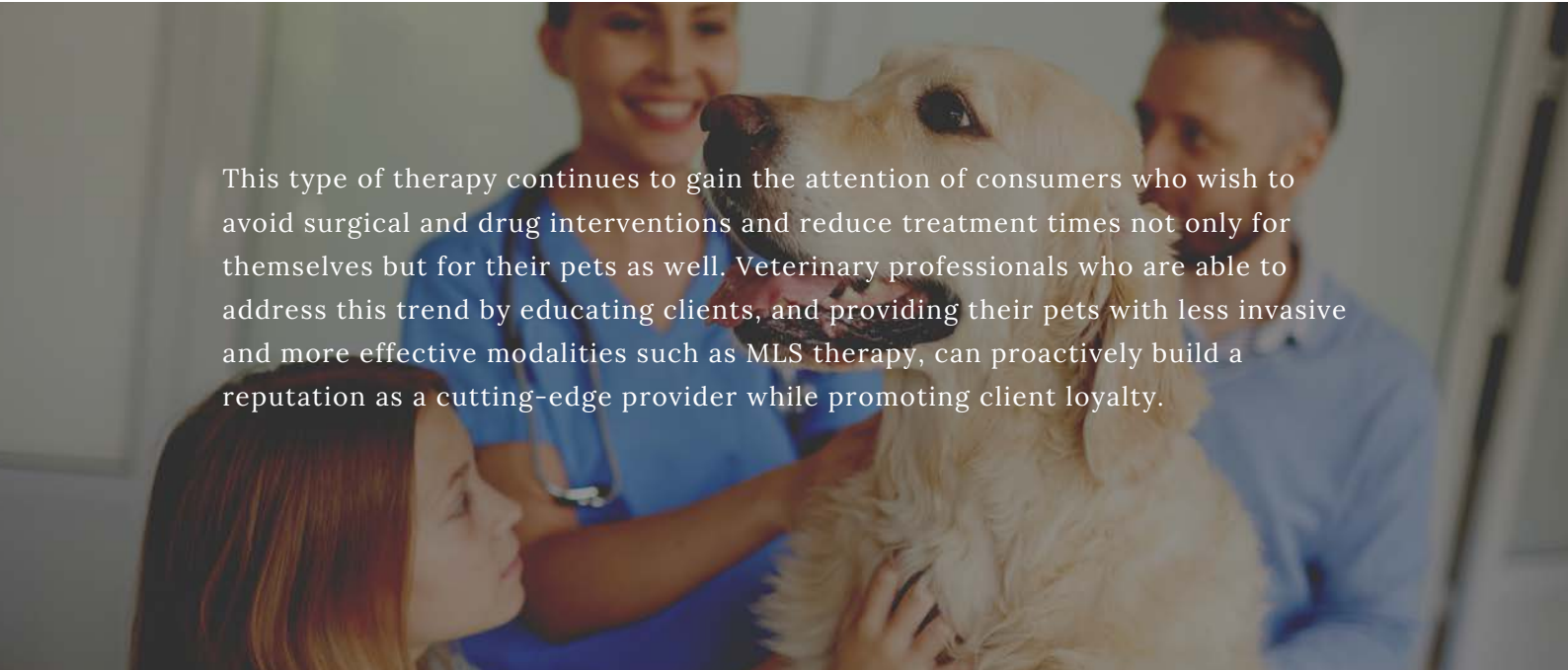
A demand for less invasive, more effective pain management alternatives

While Millennials may be leading the charge for more natural healthcare solutions for themselves and their pets, they are not alone—especially when clinic clients learn more about the effectiveness and lower cost of lasers as a non-invasive alternative to surgeries and pharmaceuticals.

Research shows that overall, spending on pet healthcare has risen 10% more than human healthcare over all age groups of pet owners. Pet owners are most likely to try non-invasive methods first when it comes to joint issues such as tendonitis, back pain or

arthritis in their pets. Since research clearly shows that Class IV lasers speed healing and improve tissue repair and renewal, many veterinary practices are offering laser therapy as a solution to fill this ongoing need.

Clinical studies on humans prove that laser therapy reduces pain, inflammation, and swelling; stimulate nerve regeneration; and reduce scarring. .



This type of therapy continues to gain the attention of consumers who wish to avoid surgical and drug interventions and reduce treatment times not only for themselves but for their pets as well. Veterinary professionals who are able to address this trend by educating clients, and providing their pets with less invasive and more effective modalities such as MLS therapy, can proactively build a reputation as a cutting-edge provider while promoting client loyalty.

LOST REVENUE

Replacing lost revenue from online pharmaceutical

The growth of online pharmaceutical and pet supply vendors shows no sign of slowing down. Add to this the consumer drive to comparison shop online for everything and anything – it's no surprise that veterinary practices continue to feel the squeeze on their profit margins. Industry research estimates that the average veterinary practice has seen revenue drop 30% due to loss of sales to online pharmacies. Once you factor in the same downward sales pressure on animal nutrition products and other items, it is evident that the future profitability of veterinary practices lies outside of commodity-based revenue generators and shifting to clinic-based services that offer a healthy profit stream.

Combat to the trend of shopping online and the negative impact it can have on the bottom line, veterinary professionals focus on the true value that they need to provide: expert, customized care for each patient with the application of proper treatment modalities to support short- and long-term health. **MLS Laser Therapy** is being used as an alternative to more invasive or drug-based treatment protocols and in conjunction with them in order to provide the best patient outcomes, while introducing another source of service-related revenue to the clinic.

In terms of the potential cash flow increase, the revenue generated typically depends on three areas:

- Patient base profile
- Volume of conditions treatable by lasers
- Type of current procedures the clinic typically handles

In addition to identifying potential for treatment, consider the frequency and duration of treatment. For some acute conditions, pet patients may require treatment two to three times per week. For those animals suffering from a chronic condition, such as arthritis, MLS laser therapy may be used once a week or less.





CLINIC REVENUE PROJECTIONS

FOR MLS LASER THERAPY

The following per-session pricing guide for MLS laser therapy procedures based on national-media pricing can help you estimate the additional revenue your clinic may be able to derive from these services:

| | |
|---------------------------------|--------------------------------|
| Post-Surgical Incisions: | \$15-\$25 |
| Post Dental Treatments: | \$15-\$25 |
| Orthopedic Surgeries: | \$40, many package 6 for \$200 |
| Acute Traumas: | \$40, many package 6 for \$200 |
| Arthritic Treatment: | \$40, many package 6 for \$200 |

Since laser therapy is beneficial for the majority of veterinary patients; its revenue potential is significant for most clinics, providing a true opportunity to replace commodity-based product revenue and/or increase or supplement surgical and routine care service revenue. In addition to its clinical effectiveness, the overall fee structure is affordable for most pet owners, creating a win-win situation for all.

In conclusion, veterinary practices looking to remain viable in the future market must stay on top of the trends discussed here in order to successfully redefine the way they operate their veterinary practice. Recognizing the shifting demographics of pet ownership, the demand for more holistic pet healthcare and less-invasive pain management treatments while implementing revenue streams to replace profit lost from other sources are all key areas on which veterinary professionals should focus.



MLS LASER THERAPY IS THE ONLY CLASS IV LASER THAT DOES NOT CREATE HEAT OR COLLATERAL TISSUE DAMAGE DUE TO ITS UNIQUE AND PATENTED PULSE PATTERN.

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