

How Can I Compete With Low-Cost Clinics and \$4 Generic Prescriptions?

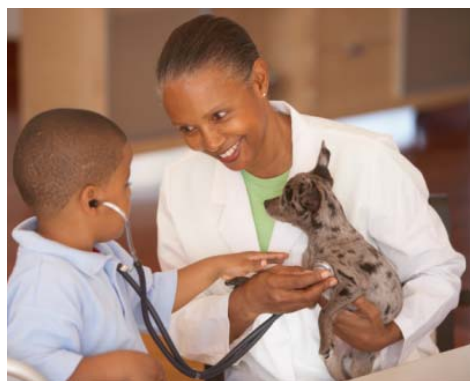
Distinguish your practice on service—not price—and you'll win clients' trust

By Wendy S. Myers

The economy has more pets being relinquished to animal shelters, and more clients are looking for a bargain. In Tampa, residents who receive public assistance and earn less than \$19,000 annually can qualify for a Hillsborough County voucher for a \$10 spay or neuter. Animal Coalition of Tampa operates a low-cost, high-volume clinic that spays and neuters 10,000 dogs and cats a year. In Miami, The Cat Network offers low-cost certificates to pet owners with limited incomes for spaying or neutering stray, feral, or abandoned cats at 40 Miami-Dade County veterinary hospitals.

While these organizations provide much needed care, area veterinary hospitals are seeing fewer surgeries as a result. Now pharmacies such as Walgreens are advertising \$4 generic prescriptions for pets. Luring customers with discounted drugs helps the retailer sell pet food, cat litter, toys, and other items that shoppers will load into a cart while waiting 20 to 30 minutes for a pharmacist to fill generic medication.

Don't give up. Drugs and medical supplies generate 17% of hospital revenue, while surgery represents 7% of income. You can protect practice profits alongside competition from animal welfare agencies and human pharmacies. Here's how to compete on service rather than price:



Track free exams and shelter discounts. If your hospital supports shelters with free exams or discounted surgeries for newly adopted pets, evaluate your return on investment. Create computer codes such as “courtesy shelter exam” or “shelter surgery discount.” Then run a report to see how many free exams or the amount of discounts you provided. Next, find out whether these new clients stayed with your practice and what they spent.

Did a client with a shelter dog use a free exam voucher valued at \$45 and purchase vaccines, an intestinal parasite test, heartworm test, and a year's supply of flea and heartworm

preventatives? If so, you earned a return on your investment. Classify free exams and shelter discounts as marketing or promotional costs in your financial reports.



Promote your quality of medicine. Explain that a spay or neuter at your hospital includes a pre-surgical exam, preanesthetic testing, an IV catheter and fluids, surgical monitoring, and pain-relief drugs. Does the low-cost voucher from a community organization include these same services? Make sure pet owners make an apple-to-apple comparison rather than apple-to-orange when considering surgical services. Taking time to educate phone shoppers can turn into lifetime client relationships.

If a client has financial limitations, she may choose the low-cost alternative but then come to your hospital for wellness care as well as emergencies. Remember, vouchers are for a one-time service. Your hospital offers ongoing full service.

Brag about what you give away. If you donated \$25,000 in free exams and discounted surgeries to pets adopted from area shelters last year, let your clients and employees know. When they pay for their pets' services, clients will be thankful they're supporting a business that helps local charities. If you gave \$30,000 in discounts to local rescue groups last year, post photos and stories of beneficiaries on a bulletin board in the lobby.

Show value for your veterinarian-client relationship. Competing with \$4 generic prescriptions from human pharmacies can be challenging when most veterinary practices charge \$7 to \$12 for a dispensing fee plus the cost of medication. If the client has questions about the medication or needs coaching on how to give a pill to a cat, the pharmacist at Walgreen's can't provide advice. Leverage the veterinarian-client relationship, reassuring clients that you'll be accessible to offer animal-specific advice.

Prescribe veterinary-approved drugs instead of generics. For example, give a patient an injection of Convenia instead of dispensing generic cefalexin. Compliance improves because the veterinarian administers the antibiotic injection, and the client doesn't have to remember to give pills once, twice, or three times daily. Another benefit: Convenia is not available at Walgreens.



Let clients know that many of the drugs in your clinic's pharmacy are approved by the FDA for use in animals. Manufacturers assist your clinic with technical support hotlines, in-clinic staff training, and research on the drug's use in animals. Prescribing branded products also supports companies that are developing new animal drugs.

Offer savings for buying larger quantities. Give clients a financial incentive to buy more of the products their pets need. For example, have a 120% markup on single doses of preventatives, 100% markup on six packs, and 80% markup on 12 packs. Clients can save 40% when buying a 12 pack compared to a single dose. Compliance improves and so does practice revenue.

If a client's dog takes a daily NSAID for arthritis, offer a 20% savings when the client buys a 90- or 180-count bottle. This saves you time because the technician who fills the medication simply puts a label on the bottle without having to count tablets and use a vial. The prescription will last several months compared to the task of monthly dispensing.

Ultimately, you must decide whether to compete on price or service. If you chose price, you will become a low-cost, high-volume practice in order to maintain profits. Competing on service will attract more "A" clients and have you delivering more services to fewer pet owners. There's a niche for high-volume as well as high-service practices in every community. How will you distinguish your hospital?

About the Author:



Wendy S. Myers owns Communication Solutions for Veterinarians in Denver. Her consulting firm helps teams improve compliance, client service and practice management. Communication Solutions for Veterinarians has provided mystery phone shopper training to more than 2,600 receptionists nationwide. Wendy is a partner in Animal Hospital Specialty Center, a 13-doctor AAHA-accredited referral practice offering internal medicine, surgery, neurology, oncology, specialty dentistry, and emergency care in Highlands Ranch, Colorado. She is the author of four books and five videos. Subscribe to Communication Solutions for Veterinarians' e-newsletter on our website at: www.csvets.com. E-mail Wendy at: wmyers@csvets.com.