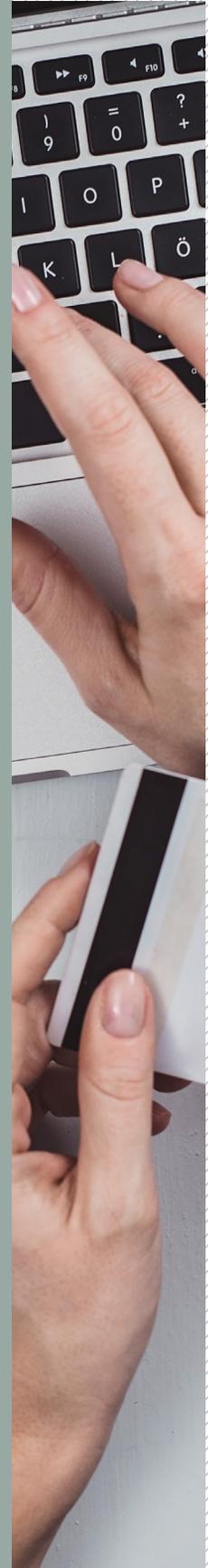


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VETERINARY E-COMMERCE OPPORTUNITIES

Growth, Loyalty, Engagement



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INTRODUCTION

OMNICHANNEL OPPORTUNITIES FOR VETERINARY PRACTICES

Online retail, or so-called e-commerce, is increasingly important for pet-related businesses, including veterinary practices. Growth in online shopping for pet products comes from consumers of all ages, so these opportunities can be found regardless of client demographic.

Today, no one serious about pet business success “can afford not to be represented robustly online, whether via third-party e-tailers, a direct-selling website, or both.”¹

So-called omnichannel strategies combine onsite and online shopping and may provide the strongest path forward. Essentially, they give people options for getting what they need for their pets—including pet medications and other prescribed or recommended products, such as therapeutic pet foods—in person, online, or through a combination of both.

OMNICHANNEL INTERFACE OPTIONS



CLICK AND COLLECT

The customer shops online and picks up the order onsite.



HOME DELIVERY

The customer shops online and the order gets delivered to her home.



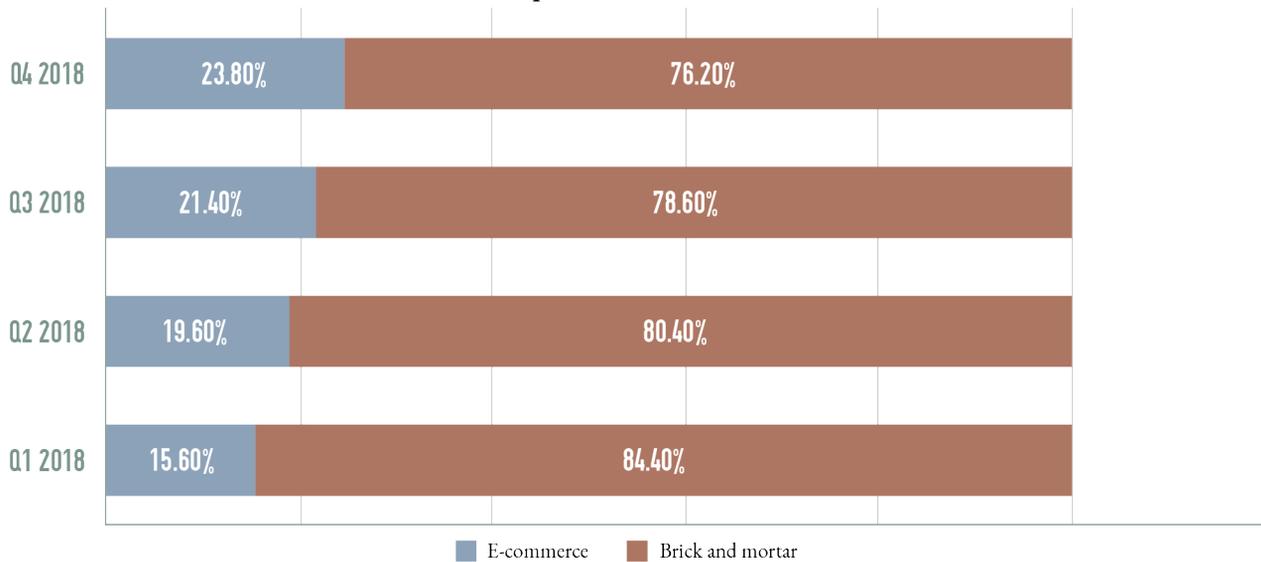
LOYALTY PROGRAMS

Clients earn rewards based on repeat purchasing patterns such as product subscriptions or autoreplenishment.

Source: U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 20.

¹U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 15.

Online Therapeutic Pet Food Sales in 2018



Source: Data on file, Hill's Pet Nutrition and other sources.

The breadth of e-commerce's effect on pet supply purchases continues to grow. In 2018, more than 12 million US households bought items for their pets online.² In fact, online pet-product sales have offset sluggish sales in other retail channels.³ Pet industry watchers predict an increase to 23% in the market share of pet-product dollar sales online by 2023. Online sales of therapeutic pet food already top 23% and continue to grow at a faster rate than sales of other pet products as more people buy all or some of their pet food online.

Veterinarians can play a crucial role in an increasingly e-commerce-driven world while still maintaining clinical and client relationship goals. In addition to income diversity, e-commerce can provide significant opportunities for veterinary practices to accomplish the following:

- Build client loyalty.
- Improve compliance.
- Strengthen client retention.
- Grow recurring revenue.
- Expand into nonmedical pet products.⁴

Even in the age of Dr. Google and the flood of online information, veterinarians still remain key influencers for the pet products people buy.⁵ Digital technology potential allows veterinarians to recapture sales, increase patient compliance, better coordinate patient visits, and better respond to client needs.⁶

The relationships between individual pet owners and veterinarians are strong.⁷ Providers of other pet products and services probably wish they enjoyed the same loyalty and trust afforded to veterinarians by consumers. Think of e-commerce as another way to continue building those bonds, which, in turn, provide practice growth and stability.

To help veterinary practices understand and take part in the e-commerce landscape, let's look at:

- 1 Changes in pet consumer behavior
- 2 Changes in veterinary behavior
- 3 Veterinary attitudes and expectations about e-commerce
- 4 Actionable steps forward

² U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 16.

³ U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 16.

⁴ Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), 12–13.

⁵ Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), 10.

⁶ Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), 12–13.

⁷ Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), 13.

CHANGES IN PET CONSUMER BEHAVIOR

It's probably no surprise that as online pet-product shopping rates grew, the percentage of people buying products such as pet food through veterinarians fell from 16% to 9.4% between 2010 and 2018.⁸ However, cross-shopping data that look at how people use all options for product acquisition show a more uplifting picture of how veterinarians can stay in the mix. For example, online pet-product shoppers are 64% more likely to shop through their veterinarian as well.

While younger pet-product consumers play an increasingly important role in the pet and veterinary markets, people across all age brackets continue

to shop online more each year for pet products. The most common reasons for choosing online shopping include the following:

- Convenience
- Wider selection
- Retail incentives
- Competitive pricing
- Ease of finding product details and reviews⁹

People buy all manner of consumable and durable pet products online. Those that affect pet health are likely of most interest to veterinary professionals, including food, supplements, oral care, and parasite-prevention products.

Dog-/Cat-Owning Households Online Shopping Rate for Pet Products by Age Bracket, 2010 vs. 2018

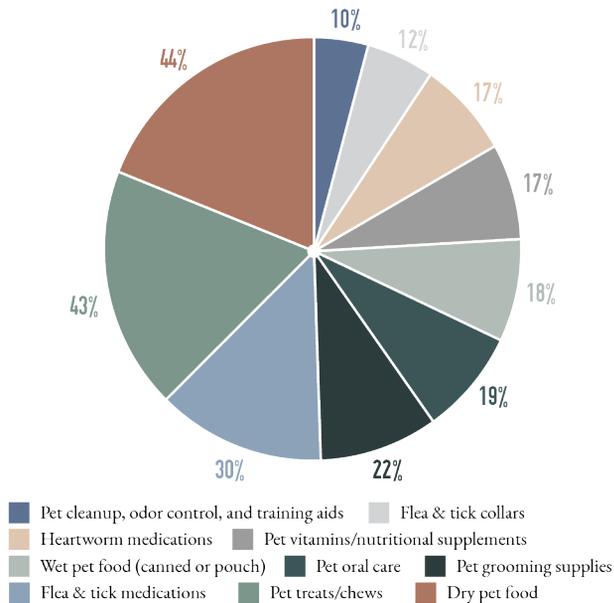


Source: Packaged Facts, presentation at Petfood Forum, 2019.

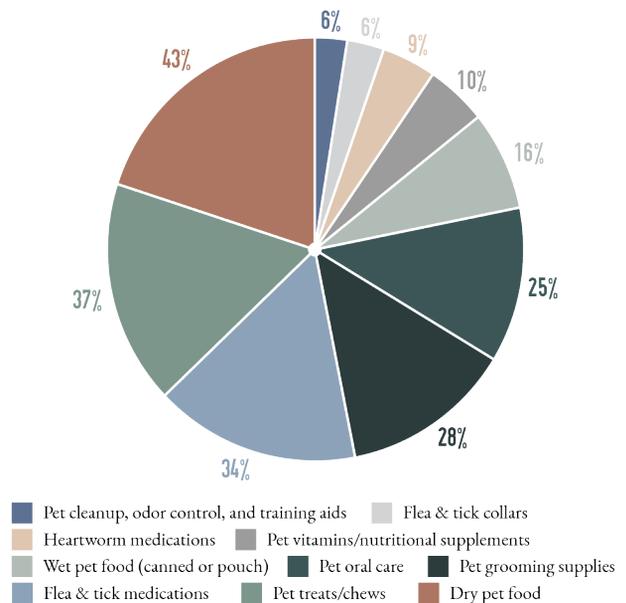
⁸ Packaged Facts, presentation at Petfood Forum, 2019.

⁹ Packaged Facts, presentation at Petfood Forum, 2019.

Online Purchasing of Dog Consumable Products in the Past 12 Months



Online Purchasing of Cat Consumable Products in the Past 12 Months



Source: National Pet Owner Survey, Packaged Facts, February/March 2018.

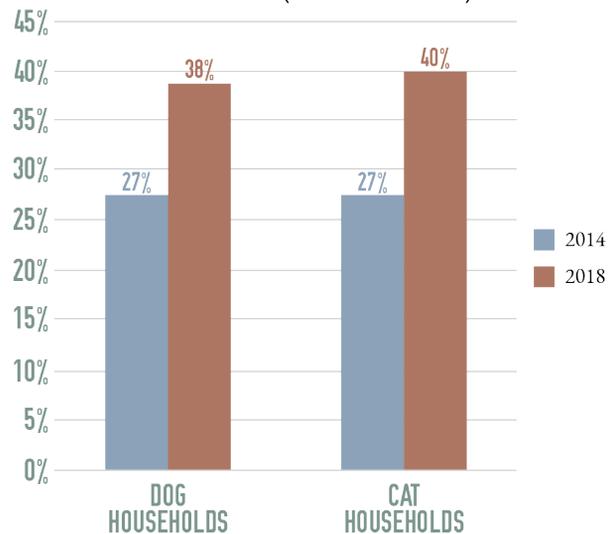
The Amazon Effect. Many factors influence pet consumer behaviors, including internet access, mobile devices, shopping apps, and more, but the greatest disruptor could simply be called the Amazon Effect—which includes the following:

- Immense product selection across all retail product categories
- Low pricing pressure
- Fast/free delivery for Amazon Prime members
- Enticement of repeat purchases through subscription/autoreplenishment options

According to Packaged Facts, which tracks several retail trends, not just pet products, “Due to its size, scope, resources, online expertise, brick-and-mortar expansion, and desire to dominate all consumer packaged goods categories, Amazon poses a singular threat to retailers of all stripes. Simmons consumer survey data show that Amazon’s penetration among dog- and cat-owning households has surged from 27% in 2014 to approximately 38% for dog households and 40% for cat households in 2018.”¹⁰

It isn’t simply Amazon, however, attracting pet-product consumers. Retailers including Walmart, Chewy, third-party sellers, and others are also enjoying a slice of pet-product dollars.

Increase in Amazon’s Penetration Among Dog- and Cat-Owning Households (2014 to 2018)



Source: U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 15.

¹⁰ U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 15.

Websites Through Which Survey Respondents Have Purchased Pet Products in the Past Three Months



Source: Packaged Facts, presentation at Petfood Forum, 2019.

Technology now drives pet-product shoppers' expectations and behavior because it makes finding, comparing, buying, and repeating purchases faster and easier through offerings such as:

- Autoship/autoreplenishment (regular delivery of a single product on a set schedule)
- Subscriptions (regular delivery of single products, much like autoship, or several products in a category, such as in subscription boxes)
- Buy-again dashboards (makes products purchased often easier/faster to reorder)

It isn't simply the repeat business that retailers seek. These technologies essentially lock in loyalty, which has value of its own. "When it comes to cementing customer loyalty, subscription-based products and services are a powerful—and increasingly indispensable—tool in the US pet industry. The trend is already in force in pet food, with websites including Chewy and Amazon avidly encouraging auto-replenishment, and fresh pet-food start-ups like NomNomNom and the Farmer's Dog doing

the same," according to the latest pet market outlook from Packaged Facts.¹¹

Generations. Generational differences will drive what comes next. As a baseline, think of each generation as falling into one of these age ranges in 2019:

- 13- to 24-year-olds (Gen Z)
- 25- to 39-year-olds (millennials)
- 40- to 54-year-olds (Gen X)
- 55- to 74-year-olds (mainly baby boomers)

Millennials and Gen Z generated 57% of all growth in pet ownership. That's 57 million 18- to 39-year-old pet owners who account for:

- 41% of all adults with pets
- 42% of all adults with dogs
- 39% of all adults with cats¹²

These younger generations will dictate the future of pet products and services in several ways. In its report on how younger generations will transform the pet market, Packaged Facts' trend watchers report, "The future of the pet industry in America lies in the hands of millennial pet owners,

¹¹ U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 23–24.

¹² Gen Z and Millennials as Pet Market Consumers: Dogs, Cats, and Other Pets (Packaged Facts, February 2018), 5.

now in their late 20s and 30s, and their younger counterparts in Gen Z, who are just entering adulthood. These younger generations of pet market consumers are critical to the bottom line of pet product and service marketers because the

vanguard of the boomer generation is reaching the age when pet ownership declines sharply. Moreover, boomers will be succeeded by members of Gen X, who spend heavily on pet products and services but are a relatively small population cohort.”¹³

SIMILARITIES AMONG MILLENNIAL AND GEN Z PET OWNERS

Compared with Gen X and baby boomer pet owners, Gen Z and millennial pet owners are . . .



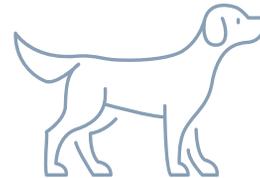
More likely to shop online for pet products but also to remain loyal to brick-and-mortar pet retailers because they like getting out to shop or are already at stores for household needs



Substantially more likely to buy pet products from Amazon (61%)



Far more likely to depend on veterinarians for advice about a broad spectrum of pet products, including pet food and treats



More likely to have dogs under 25 pounds or dogs between 25 and 40 pounds



More likely to have cats under the age of three



More likely to trust products offered by smaller companies such as regional brands or family-owned companies

¹³ Gen Z and Millennials as Pet Market Consumers: Dogs, Cats, and Other Pets (Packaged Facts, February 2018), 1.



Much more likely to believe their pets have special health needs, especially unique nutritional needs



More likely to add human food toppers or gravies to a pet's food



Much more likely to use pet foods or treats with special formulations or ingredients to address specific health concerns, such as cognitive issues and digestive health



More likely to feel as though they have a hard time maintaining their pets' ideal weights



Much more likely to use pet foods that make a wide range of "free of" claims



More likely to be users of home delivery of pet foods (26% of dog owners, 27% of cat owners)



More likely to view popular social media stars, rather than traditional celebrities or experts, as influencers and people to emulate

Sources: Gen Z and Millennials as Pet Market Consumers: Dogs, Cats, and Other Pets (Packaged Facts, February 2018); Looking Ahead to Gen Z: Demographic Patterns and Spending Trends (Packaged Facts, July 2018).

DIFFERENCES BETWEEN MILLENNIAL AND GEN Z PET LOVERS

Gen Z and millennials currently differ in a few ways, but these differences may mostly have to do with life stage.



Gen Z has more fun with pets and purchases such as Halloween costumes or birthday celebrations.



Millennials focus more on the health of their pets and are more likely to fear pet food contamination and product safety.

Source: *Gen Z and Millennials as Pet Market Consumers: Dogs, Cats, and Other Pets* (Packaged Facts, February 2018).

Snapshot of Gen Z. The eldest members of Gen Z are currently 18 to 24 years old (about 31 million people). The others are currently 13 to 17 years old (about 21 million). They are coming of age and starting to make their own decisions as consumers and pet lovers.

It's easy to make assumptions about younger generations based on personal or limited interactions with individuals. Here is what's known about them as consumers so far. It's complicated and often contradictory, which retail experts warn will make marketing to them a challenge.

YES, THEY . . .	BUT ALSO . . .
Are glued to their screens.	They seek out experiences in the real world, including brick-and-mortar shopping.
Live out their lives on social media—mostly Instagram and Snapchat.	Compared with adults on average, they are a little less likely to buy most things online and more likely to visit traditional malls.
Emulate nontraditional celebrities such as popular social media figures.	They see nontraditional celebrities more as regular people with whom they can relate, so it's a bit of a trust issue.
Love their mobile apps.	They make frequent visits to their local bank branch, for example.
Download and stream entertainment.	They go out to the movies often.
Demonstrate an unprecedented comfort with a spectrum of sexuality and gender fluidity.	Even as marketers launch gender-neutral campaigns and products, responses to and attention paid to advertising vary based on race.

Source: *Looking Ahead to Gen Z: Demographic Patterns and Spending Trends* (Packaged Facts, July 2018).

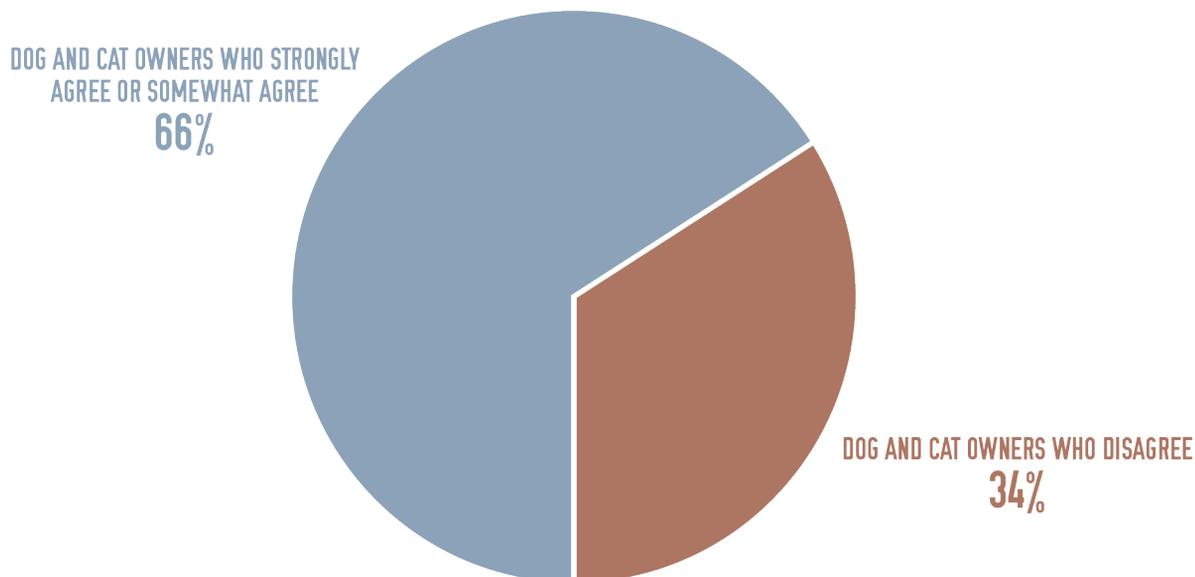
CHANGES IN VETERINARY BEHAVIOR

As the booming landscape of pet products and services continues to expand with new options all the time, many veterinarians choose to focus almost entirely on clinical services, diagnostics, and treatment rather than pet products, including food. It's understandable. Veterinary practices sprint through their daily schedules, often with zero breathing room. Many feel they simply do not have the time to keep track of everything else going on in the pet food or pet products market.

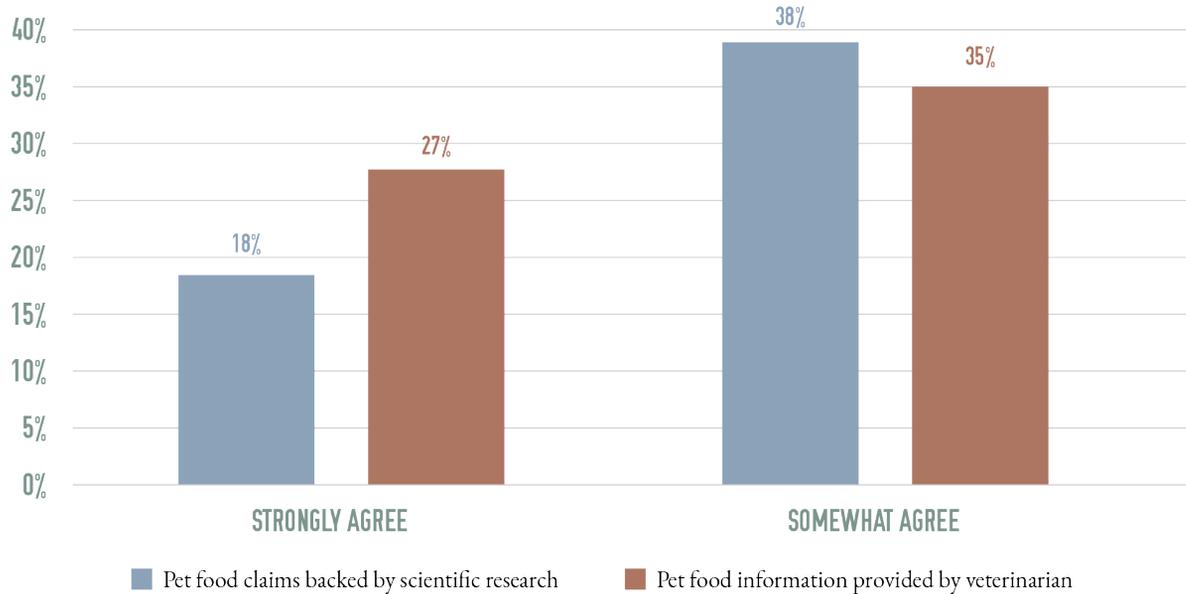
Because of this clinical focus, many veterinarians are less likely to make specific pet-product recommendations, despite consumer research that reveals that people want advice. They really do, especially about pet food. Even when clients specifically ask for help choosing pet products, many veterinary professionals choose not to offer suggestions.

Many veterinarians are less likely to make specific pet-product recommendations, despite consumer research that reveals that people want advice.

Dog and Cat Owners Agree That Pet Food Recommendation Is Important to Which Pet Foods They Buy, as One Facet of Brand Reputation



Pet Food Decision Influences

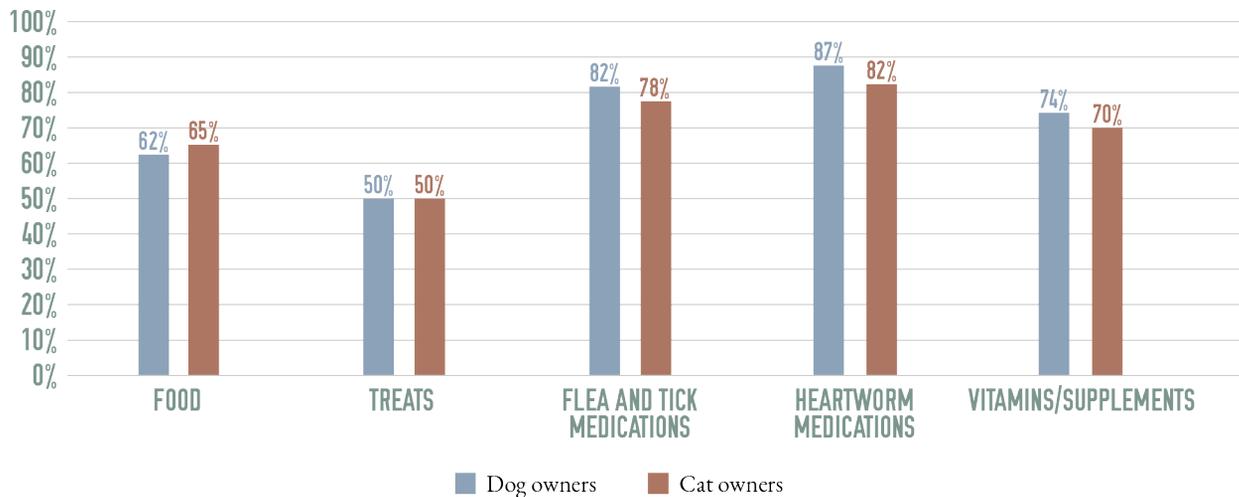


Source: Packaged Facts, presentation at Global Pet Expo, March 2019.

Dog and cat owners of all ages rely, strongly or somewhat, on their veterinarian for advice about several pet products.

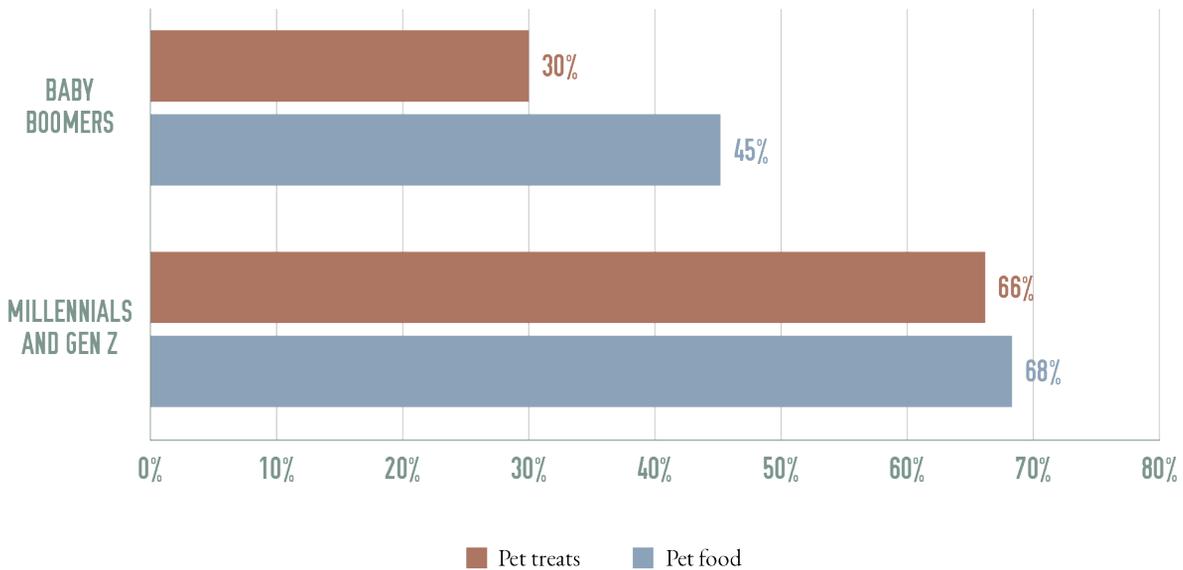
Millennial and Gen Z (ages 18 to 39) pet consumers are far more likely to depend on veterinary advice and product recommendations than baby boomers (ages 55 to 74).

Dog and Cat Owners Strongly or Somewhat Rely on Veterinarians for Advice



Source: Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), 10.

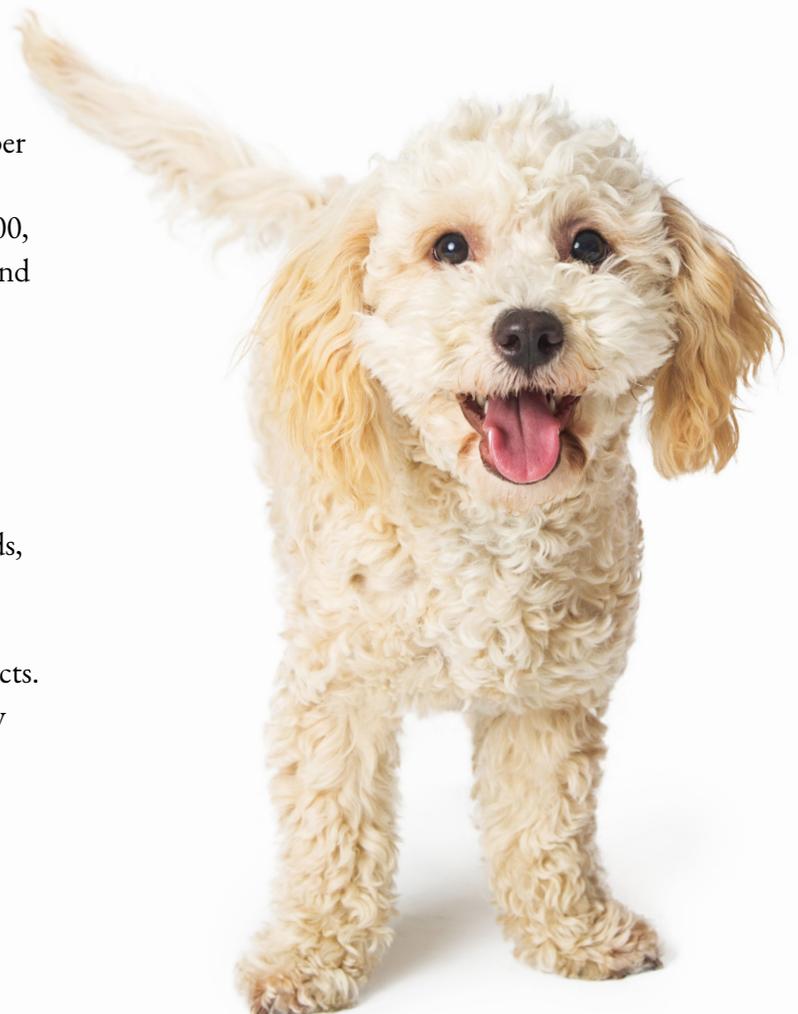
Rely on Veterinary Advice About Pet Food or Treats



Source: Gen Z and Millennials as Pet Market Consumers: Dogs, Cats, and Other Pets (Packaged Facts, February 2018), 8.

While each veterinary practice can calculate its own client spending patterns, percentages for average transactions, and total annual spending per family, pet owners report that their spending on veterinary medical services clusters just under \$200, accounting for spending by 51% of dog owners and 56% of cat owners surveyed in 2018.¹⁴

Offering specific pet-product recommendations or, even better, giving veterinary clients a way to purchase recommended or prescribed products through the veterinary practice represents a significant opportunity to strengthen client bonds, increase client services, and create additional or add-on revenue streams. Veterinary clients are already spending additional money on pet products. These shopping habits can add to their veterinary experiences and the success of the veterinary practices they visit.



¹⁴ National Pet Owner Survey, Packaged Facts, August 2018, 13.

VETERINARY ATTITUDES AND EXPECTATIONS ABOUT E-COMMERCE

With pressures over e-commerce growing, veterinary attitudes and expectations about pet food e-commerce, in particular, typically fall into one of three categories:

- 1 **Tradition.** Stick with traditional ideas about veterinary practice and veterinary control over key pet products.
- 2 **Outsource It.** Let the e-commerce and other retailing giants serve the needs of pet consumers so that practices can focus only on core veterinary services.
- 3 **Take Action.** Participate in the e-commerce and digitization changes so that veterinarians can have an impact.

Tradition. It's easy to understand how some practices with a long history of success might want to stick with what they know, what has always worked, and what their clients have come to expect. Typically, this means ordering foods or medications over the phone—for example, by leaving a reorder or refill message on the practice's voicemail and then picking the order up in person at the practice. If the practice sells any other pet products, such as leashes, collars, dental chews, and such, they are likely displayed in the lobby and sold in traditional retail transactions at the front desk.

Outsource It. Some practices eschew additional retailing of pet products and lean toward outsourcing retail transactions for food and even medications in some cases. In their minds, it's better to stick to the core elements of modern veterinary medicine and let the retailing giants do what they do best. It's like a division of labor and expertise. You do your job so that we can do what we do. This also is understandable because veterinarians and their teams typically are not taught how to create, manage, and advance the use of retailing technologies that drive e-commerce today.

Take Action. Other practices want to combine their clinical advancements with the latest tech, including online retailing, so that they have more oversight over how their clients care for pets, as well as the ability to provide truly comprehensive recommendations for pets' needs. They want to suggest even nontherapeutic foods, bathing supplies, training tools, enrichment toys, and beyond. In most cases, they aren't reinventing the e-commerce wheel themselves. Instead, they research and partner with others who can integrate technology into what the practice is already doing or wants to do.

Ultimately, each practice needs to speak with its suppliers and contacts to find out what's available

and where the strongest partnerships exist for their needs. Even practices that go with tradition might want to point clients to trustworthy e-commerce sites. Those that outsource clients' online shopping needs will want to make strong recommendations of where clients should buy pet food and products. The more active practices will be able to say, "You can get all that through us. Here's how."

No matter where your practice currently sits on the online shopping spectrum, take heart and key insights from those who have ventured further or earlier into the e-commerce world.

CASE STUDY: TRADITIONAL NOW, BUT PLANS FOR THE FUTURE

Tracy Cahalan manages a six-doctor practice with 25 staff members serving a suburban and rural community in Massachusetts. While there are pockets of affluent neighborhoods, the demographics include incomes at various levels. The hospital provides 24/7 service, with a doctor always on call and a technician in the facility overnight. Right now, the hospital sells pet food the traditional way, through onsite sales only.

With 32 years at this practice, Cahalan sees how people approach pet food decisions differently from how they did in the past. She knows that rather than grabbing whatever is easy or maybe on sale at the grocery store, people now do much more research on the internet and care much more about what exactly they are feeding their pets and the quality of food available.

The hospital's team does actively make pet food recommendations, including of over-the-counter brands and therapeutic foods as appropriate for the pet's age and medical history.

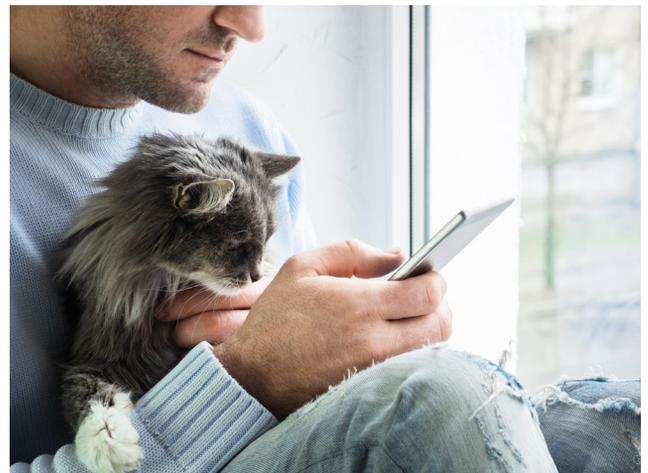
Cahalan says the next step is to choose an online sales tool. Most likely, she'll start by looking at what's available through the practice's management

software. Her goals include:

- Recapturing prescription and food sales from outside online retailers
- Making things easier for clients so that they don't run out of things they need
- Launching online ordering for clients by the end of 2019

Even in the face of some skepticism within the practice, Cahalan says, "I think it's going to be a huge benefit for everybody."

CASE STUDY: TAKE ACTION; AUTOSHIP FOR THE WIN

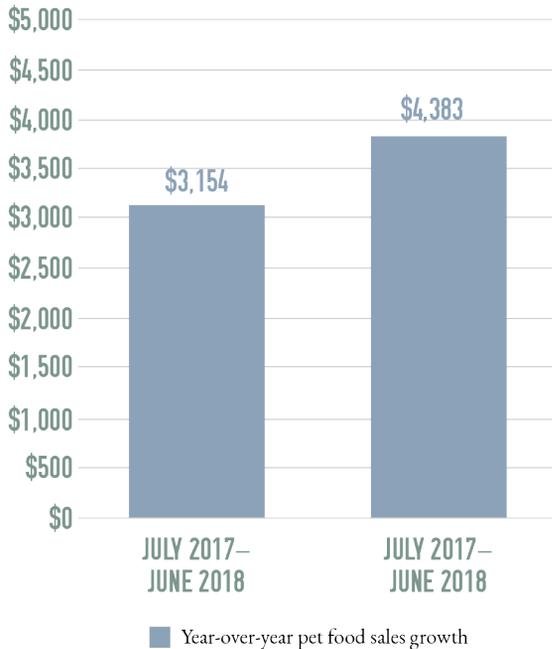


After several years of selling pet food through its own website, a one-doctor practice located in an old firehouse added online shopping tools provided by pet food manufacturers.

The practice's clients treat their pets like children, for the most part, and they are receptive to veterinary recommendations for therapeutic foods and mostly receptive to veterinary recommendations for other pet foods.

With the addition of brand-specific online sales tools, year-over-year pet food income increased 39%,

Year-over-Year Pet Food Sales Growth with the Addition of Online Shopping, Home Delivery, and Autoship



Source: Private data on file.

with about half of orders using autoship, mostly for therapeutic foods.

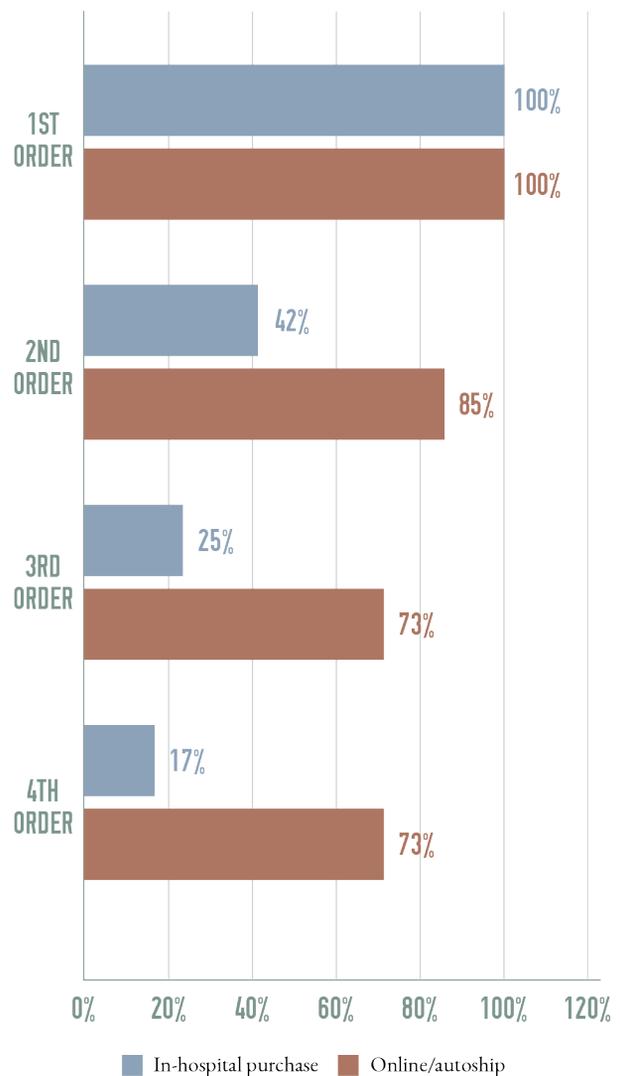
- Benefits for clients: The practice's clients appreciate the convenience of home delivery.
- Benefits for the practice: The shift to more online orders allows the practice to keep less stock on hand, which means having less money tied up in inventory.

CASE STUDY: TAKE ACTION, REPEAT ORDER, GROW

Another practice that began online sales of pet food earlier than many reports, "There is no downside. It's easy. It's straightforward, clients are on board immediately [and] it has helped us with our patient care." Need measurable results? The practice has those, too:

- More repeat therapeutic-food purchases through online/autoship versus in-hospital buys (73% versus 17% by the fourth order)
- An 8% increase in volume of food purchases (Q1 2018 compared with Q1 2019 with both online and in-hospital purchase options)
- Three times as many clients on therapeutic foods¹⁵

In-Hospital Versus Online/Autoship Therapeutic-Food Purchases



¹⁵Private data on file.

CONCLUSION

ACTIONABLE STEPS FORWARD

Veterinary practices that choose to pursue the opportunities presented by consumer spending growth via e-commerce will likely benefit in several ways:

- Stronger client bonds and loyalty over time
- Better client retention—not simply for the life of any current pets but across generations of pets in client families
- More recurring income that can help mitigate any decreases in other practice income categories
- Expanded pet-product offerings that keep clients' purchases within the practice's purview and recommendation sphere

After processing the ideas and data presented here and discussing them practice wide, if e-commerce makes sense for your future practice goals or practice mission and culture, get started by taking these steps forward.

Step 1: Decide which categories of pet products match your standards of lifelong pet care. Your answers will dictate which e-commerce vendors, tools, and resources best fit your needs and goals. Here are some examples to consider.

Pet product category	Do your clients ask for recommendations about these pet products?	Do you already sell these products onsite?	If not, do you want to make product recommendations and sell those products online?	Do you already have strong opinions, or will you need to do research before you feel confident in your recommendations?	Which team member will do any needed research or planning?
Pet food	Y / N	Y / N	Y / N	Y / N	
Flea and tick products	Y / N	Y / N	Y / N	Y / N	
Oral care supplies	Y / N	Y / N	Y / N	Y / N	
Pet supplements	Y / N	Y / N	Y / N	Y / N	
Pet training tools and supplies	Y / N	Y / N	Y / N	Y / N	
Enrichment toys	Y / N	Y / N	Y / N	Y / N	
Pet behavior/ calming products	Y / N	Y / N	Y / N	Y / N	

Not sure where to begin? Track the pet-product questions clients most often ask, and research those and formulate a set of team-wide recommendations. For example, if clients already ask pet food questions, prepare your best answers to the most common questions, such as these, and plan your online sales accordingly:

What is the best kind of food for my pet?

We recommend a food that is well researched, appropriate for the life stage of your pet, and optimal for any special medical needs that your pet may have. We trust Brand X, and in this case, your pet should be on its food called Food Y.

What do you think about XYZ ingredients?

We focus more on the nutrients the pet needs versus the ingredients that are used to get there because, in the end, the body uses nutrients, not ingredients, to fuel itself. So, we look to a food that balances the nutrients for the life stage and needs of a pet.

What if my pet is picky about what he eats?

Many pet owners feel that way. But we need to make sure your pet gets the exact nutrition that his body and health require. So, one technique we recommend with picky eaters is really slow transitions. This gets them used to the new food. These transitions can even take up to a month or two, and that's OK.

What if he doesn't like it?

We don't worry about that very much for two reasons. First, we use Brand X because—like many foods—the company invests heavily in research to make its food taste really good. Second, even on the rare chance your pet doesn't like it, this company offers a guarantee, so you can bring the unused food back to us for a refund, and we'll try something else.

Why do you recommend certain brands?

We recommend and carry Brand X specifically

because we trust it. It's what I feed my pet, and the research and work the company does are well respected.

Step 2: Research your e-commerce options.

The veterinary profession offers many e-commerce options for integrating pet-product purchases, including pet foods (therapeutic or otherwise) and prescription medications, into your website or client portal.

Pet food may be the most obvious place to start any veterinary practice's foray into e-commerce. Market insiders from Packaged Facts say, "Veterinary diets and pet foods recommended by veterinarians are going to assume a higher level of importance as pet food retailers, manufacturers, and veterinarians collaborate to offset the revenue strains caused by e-commerce competition and by super-premium food's ongoing descent into the mass market."¹⁶

Here is a sample one-year timeline of how to take small steps toward your online store goals.

Month 1: Ask your clients.

Poll your clients via email or social media about their interest in being able to shop online for pet products through your practice, including products of most interest to them.

Month 2: Ask your staff.

Poll your team to see which individuals have the interest and untapped skills to support your move toward online pet-product sales. You are not alone. Let those eager to help and those with good vendor relationships take on some of the research and logistical steps toward e-commerce.

Month 3: Tap into your professional network.

Ask your trusted colleagues at other practices which online sales tools and portals they use and what kinds of products they include in their online store.

¹⁶ Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), 11.

Common options include:

- Pet food manufacturers with online ordering and home delivery
- Suppliers of drugs and supplies who can connect you to an online pharmacy or store function
- Practice management software vendors with technical tools for adding e-commerce
- Other third-party e-commerce vendors that can integrate online shopping modules into your existing website

Here are a few vendors to get you started on your research (we don't endorse any particular one): Covetrus (covetrus.com), Hill's (vet.hillstohome.com), My Vet Store Online (myvetstoreonline.com), Purina Pet Direct (proplanvetdirect.com), and Vetsource (vetsource.com).

Month 4: Meet with vendors.

Plan to seek out and schedule one-on-one meetings with at least three e-commerce vendors of interest at your facility or in the exhibit hall at the next big veterinary conference you attend.

Month 5: Evaluate your website.

Get a professional evaluation of your current website design, function, and hosting to find out what, if anything, needs to be updated or upgraded before you add an online shopping function.

Month 6: Pick a vendor.

Choose an e-commerce vendor and, with their input, create a timeline for any website upgrades as needed.

Month 7: Be active online.

Start ramping up your social media marketing with at least weekly posts on your most robust platforms to build your online engagement with clients before your online store launches.

Month 8: Test your e-commerce tools.

Go live with your online store in a secure beta-testing environment and recruit a small group of loyal clients to help you debug the system. Up to 10 test participants should yield good information.

Month 9: Announce your online store.

Make a major announcement about your online store. Consider offering a discount on first-time orders or other incentives for setting up autoship.

Month 10: Launch.

Launch your online store. Take time to celebrate!

Month 11: Promote your online store relentlessly.

Once you've launched, maintain a consistent online presence and mention your online store all the time. Promote your store in every marketing communication, including:

- In visits with every client you see, with discretion in cases of very ill pets
- On the bottom of all invoices
- In electronic and other signage throughout lobby and exam rooms
- At least monthly via email, reminding people about your online store and hyping any new products
- As a footnote to every other email you send out
- Via your major social media platforms at least every two weeks



Your communication should include promoting the convenience, price competitiveness, and comprehensive nature of your e-commerce services. Talk about autoship as a “set it and forget it” convenience by which things pets need arrive at home without the consumer having to remember to reorder. Talk about trust and emphasize that your online store guarantees product legitimacy.

Month 12: Measure your results.

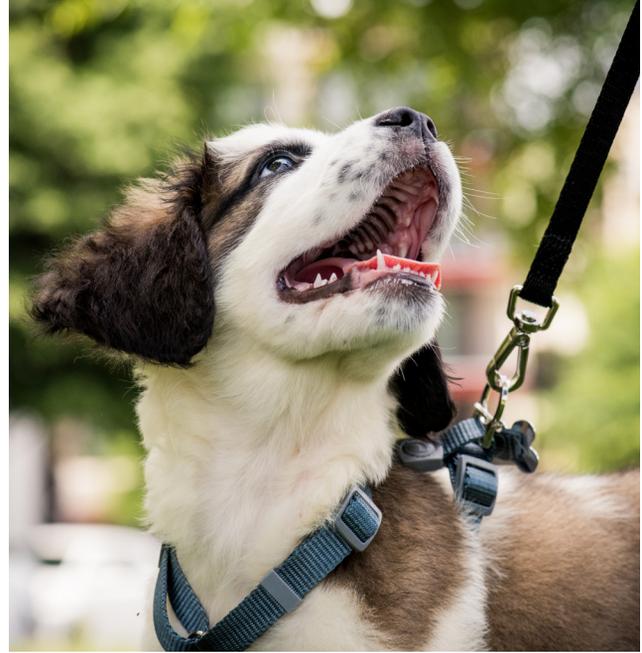
Set up a plan to continually monitor the effect of online sales. Examples of key performance indicators to track include:

- Pet food sales compared with the same month last year before online sales were an option
- Repeat orders over time, especially if you offer autoship
- Level of prescription fills and refills reclaimed from other online sources
- Trends in pet-product sales for products you already carried onsite
- Popularity of pet-product sales for things you did not carry onsite

Measure yourself against the current trends. For example, at present, if less than 23% of your therapeutic diet sales occur through your e-commerce platform, you are likely missing an opportunity.

Step 3: Start making strong pet-product recommendations consistently. Veterinary clients, especially younger ones, want them. A good recommendation consists of four parts:

- 1 Make it personal to the specific pet.
- 2 Name a specific pet product.
- 3 Offer details about why you recommend the product.
- 4 Say where to buy the product. (Hint: from your own online store or portal.)



This example addresses a client’s concern about a rambunctious dog lacking leash manners: “For Buddy, who is young, active, and strong, I recommend Harness A because it distributes any pressure away from Buddy’s neck, and we want to do what we can now to prevent orthopedic pain issues later. A dog trainer I admire also recommends it, and I’ve seen other dogs improve their loose leash skills while wearing this harness. We have samples in the lobby so you can find the right size before you leave, then you can order the color and size you want through our online store.”

That’s a much more actionable recommendation than saying, “Maybe try one of the ‘no pull’ harnesses.”

Step 4: Get comfortable with being uncomfortable. Yes, this is new, and it’s going to feel awkward and even scary. Keep in mind, however, that pricing, along with online or omnichannel convenience, matters to pet lovers. Add good pricing and good e-commerce service to the already strong relationships veterinarians enjoy with clients, and it may create a formula for success. Experts at Packaged Facts explain, “Veterinarians do have an advantage [over other retail options], if they match prices and are willing to engage more aggressively in pet product retailing. Dog and cat owners would buy more products from veterinarians if their prices were more competitive.”¹⁷

¹⁷ Pet Industry Outlook: Veterinary Services and Pet Product Retailing (Packaged Facts, May 2018), referencing Packaged Facts Q1 2018 Survey of Pet Owners, tables 1-3, 10.

Even thinking about providing an online-buying option for clients likely feels aggressive. That's normal in a profession where business has always been done face to face. To quell your nerves, try focusing on how online shopping benefits your practice and your clients, even when they are not physically in your facility. Done well, online connections and e-commerce can be more efficient for everyone, and they can keep families connected to you in new ways. The easier it is for people to buy and use the products you recommend, the more likely they are to comply with pet health recommendations more broadly.

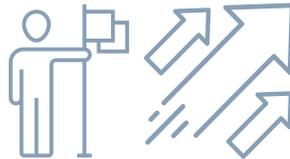
In addition, e-commerce may lighten your onsite inventory burdens, including by

potentially lowering the amount of cash tied up in inventory costs.

It bears repeating: No one serious about pet business success “can afford not to be represented robustly online, whether via third-party e-tailers, a direct-selling website, or both.”¹⁸

Think about it. If a one-doctor practice can see a 39% increase in pet food revenue year over year from online ordering, home delivery, and autoship features, imagine the increases in service and income that larger practices with more doctors could generate. And that's just one product category. Even if you experience more modest sales growth in other categories of pet products, the convenience

ONE-DOCTOR PRACTICE



39%

revenue increase in pet food revenue

THREE-DOCTOR PRACTICE



??%

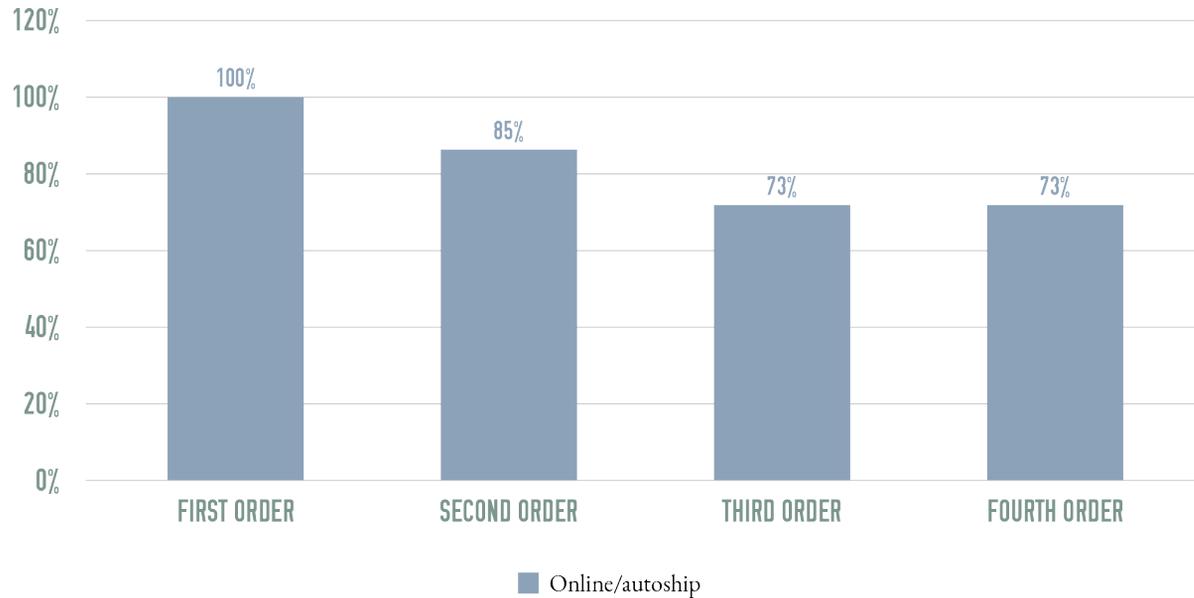
MULTIPLE-DOCTOR PRACTICE



??%

¹⁸ U.S. Pet Market Outlook, 2019–2020 (Packaged Facts, February 2019), 15.

Online/Autoship Therapeutic-Food Purchases over Time



Source: Data on file, Hill's Pet Nutrition.

and potential client loyalty you build could serve as a strong foundation of planned income over time.

If a one-doctor practice can grow pet food sales by offering online, home delivery, and autoship, then how much might larger practices be able to accomplish?

If autoship increases repeat therapeutic-food purchases based on veterinary recommendations, how high could compliance go over time and how might that affect the clinical outcomes of patients?

Step 5: Be an advocate—for pets, pet lovers, and the veterinary profession. Pet lovers of all ages already shop for pet products more now than ever. Rather than leave them to their own devices

and risk their finding bad advice online, combine your expert voice with available technologies to have more influence in your patients' lives even when they aren't right there in the exam room with you. Consider it your way to loom large—in all the best ways—in the future of pet care.

Also, please share what you learn and your successes with your professional colleagues. The connections, relationships, and peer-to-peer leadership among AAHA-accredited members matter even more in times of economic and technological change. Small steps you take today may inspire others tomorrow and beyond.



HILL'S PET NUTRITION INC.



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AMERICAN ANIMAL HOSPITAL ASSOCIATION



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