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RESEARCH ARTICLE

QUALITATIVE ANALYSIS OF THE INTERNATIONAL MARKET OF VETERINARY MEDICAL SERVICES FOR SMALL ANIMALS

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In recent years the services sector has experienced an explosive development in all areas, they represented over 50% of the GDP of a country. Researchers studied several branches of services such as tourism, education, culture, online services, sport but some branches of the service have not yet been studied extensively, like the branch of veterinary medical services for pets. This article will analyze the market size of pet veterinary services for a better understanding of this market and to confirm the importance of studying the depth of those services that bring a profit of millions of dollars annually in the US million in Europe in detriment of the economic crisis that hit many sectors of the consumer goods and services industry.

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INTRODUCTION

The services sector is developed through extensive marketing assimilation which was first applied in the production of consumer goods. Assimilation was gradual and uneven unfortunately it is therefore important to continue scientific approaches in this area. Marketing services has become a distinct area delimited the field of marketing along a process encountered in other branches such as international marketing, industrial marketing, agromarketing, etc. The process of deepening and specialization of branch services has led to the emergence of distinct areas such as tourism marketing, banking marketing, educational marketing, etc. A variety of methods, techniques and concepts both for goods and services that have been adapted and even new ones have been developed, specific. Most relate to mix components, especially product, distribution and quality.

It is known that this sector comprises a great diversity of services involving their proper treatment. Peculiarities of marketing services taken together are merely theoretical importance. Thus, the literature have emerged over time a number of works which were addressed only to a certain category of services, not all branches of service. Scientific papers sought to give an answer to the current problems in carrying out those activities. The veterinary services field isn't

Studied deeper on the part of pet services, the specialists are more concern about the food safety and consumer protection. Observing the lack of information, some veterinarians worldwide began to develop articles with an important meaning for their economic activity. Unfortunately, for this service branch there are no scientific articles to help veterinary service providers in their work, their only option is appealing to specialists within the available budget. If the other service branches materialized some definitions, the veterinary services for pets has no definitions yet. From exploratory research, appears the logical idea that there are tangible activities for pets, done by veterinarians and other experienced personal (veterinary technicians and veterinary assistants) alone or with other assets (veterinary goods and technology) in order to improve the living conditions of pets.

MATERIALS AND METHODS

To analyze the international market of veterinary services for pets it was used a qualitative research and the source of information are the articles published by various international organizations but also articles published by veterinarians who have studied the market in which they operate. The objective of this qualitative research was to have a better knowledge of the international market of veterinary services and it can be also a starting point of a future quantitative and other qualitative research.

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After investigating the sources of information used in this qualitative research carried out, it was logically emerged about certain aspects of the veterinary services and market size.

RESULTS AND DISCUSSION

One aspect that emerged from this research was that these market operators have only licensed veterinarians providing services in the field of prevention and health care for pets. Only a small part of these vets have MBA in Marketing or minimum knowledge of marketing to develop marketing plans and marketing strategies because ever since the college they wouldn't like to focus on the entrepreneurial, their "priority" being the veterinary depth knowledge (Henry and Treanor, 2012). A study developed by Henry and Treanor (2012) demonstrates that the syllabus in college is very complex and the veterinary students do not wish to be added as a discipline, even though this will be to their disadvantage after they graduate and they would want to open a veterinary practice. Furthermore we know now the biggest companies in this branch that are: VCA Antech Medical Management International (both located in the United States), CVS Group (UK), and Green cross Veterinarians (Australia) who provide the veterinarians the necessary equipment and products that help them in their objective, to give their clients the best quality in the services provided.

Global veterinary sector also includes various veterinary products used in veterinary services, such as biological products used for analysis, feed additives and pet veterinary pharmaceuticals. The ranges of health for pets are becoming broader and now includes metabolic medicines, anti-infectives, aid breeding, feed additives, vaccines, diagnostic imaging, topical solutions and pest controls, etc. (Freedonia, 2012) The products are used to treat chronic diseases, including cancer, cardiovascular disease and osteoarthritis. And they fall in this category of the market. These products are in continuous improvement from one generation to another in order to transform the health and welfare of pets worldwide in a beneficial way.

Of the many articles found in the international databases originates the idea that the US and Britain have long been the countries which have most pet's population and therefore became a pillar of observation and imitation. However, nations like China and India also enjoys an increase in pet's population and people's attachment to them, resulting in automatic spending more money for them. The US veterinary services industry includes about 28,000 veterinary clinics and providers of laboratory services, with combined annual revenue of about \$ 28 billion. (First Research, 2014) Key factors include the growing popularity of the pet but also the increasing number of pets demographically.

In 2012, about 42.5 million US households had one or more dogs and dogs in the country total was approximately 73 million (Coren, 2012). Regarding the feline population there are no official statistical data only some estimates. The best market research on feline population trends are in the US and still it does not provide reliable information. (APPA, 2012) According to this research there were in 2012 between 74 and 86 million cats with master and over 50 million stray cats.

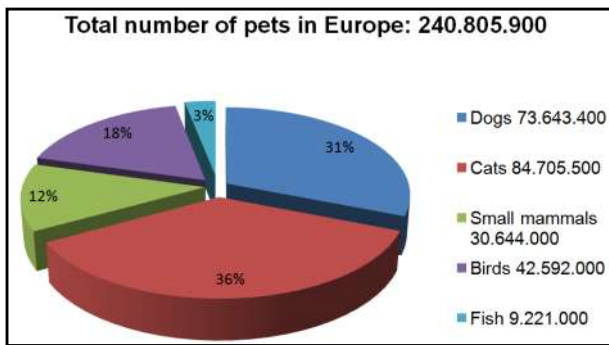
Pet owners are spending increasingly more for health care of their pets. In the US, consumer spending on pets was expected to reach 33 billion in 2014 (Freedonia, 2012). Requests for animal health products at manufacturer level were expected to grow by about 6% annually to reach \$ 5.5 billion in 2014. This way the expenses for pet consumption will reach \$ 31.7 billion in 2016. The expected increase is due to the effect of humanizing trend and perception of pets as "family members". Veterinary technology will be in continuous development and adaptation to diagnose and treat in a more advantageous way for the pets thus stimulating economically the veterinary clinics by adding new and costly procedures.

A new procedure in this domain is the organ transplantation, the kidney transplantation in dogs and cats is carried out only by a few veterinarians in the US. A kidney transplant for a dog costs \$ 20,000 plus expenses for recovery treatment that can last over a year and post-operative consultations. The high cost of transplantation has raised some questions, if it is ethically required such an operation. (First Research, 2014) For pet companions this procedure is welcome as a way to save a "member of the family". Over 81% of dog owners consider them family members, 77% of them considering more parents than masters (unsupported word in their vocabulary). Over 80% of owners know the birthday of your pet and have celebrated it at least once and 77% have bought presents for their birthday. The time when dogs slept in the cage is of the past, now they sleep in the bed (Birkner, 2012).

While the health industry in the US pet has been traditionally regarded as "recession resistant" it was somewhat affected by the US economic recession in 2007-2009. However, the application did not experience a decline in this period because it is a necessary health care - and, to some extent expected - pet expenses were maintained. Uncertain economic conditions have led to a particularly strong growth in demand for services, such as health insurance for pets, and products, including dietary supplements designed to prevent the onset of diseases. Among the products most commonly used for veterinary the veterinary medical services will keep leading position in sales. With health spending for pets that have risen in recent decades, it also increased the average lifespan in many species of pets. Consequently, cases of age-related medical conditions (eg, arthritis, cancer), the weight conditions are becoming more common (eg, diabetes, heart disease), will further increase the demand for products and services, due to the significant number of pets that are overweight or obese. In order to afford access to the best treatments, more and more owners will purchase insurance policies for pets, so profits will continue to grow at double-digit annual rates. Health insurance market will double from \$ 530 million in 2013 to 1 billion in 2020. The sale of insurance packages for veterinary medical services increased by 16% in 2013 compared to the previous year. Wal-Mart reassuring company holds the market and will soon enter Canada and the US Market where is the biggest potential market (Freedonia, 2012).

In Europe, the preferences of veterinarians, Novartis and Boehringer Ingelheim are the best drug manufacturers and ancillaries that come in through the provision of veterinary medical services. According to FEDIAF (The European Pet Food Industry) there are at least 70 million households owning

at least one pet (except Russia), the proportion of species of pets are being shown in Figure 1. At this number of pets there are over 550,000 employees serving in the veterinary medical services market and the annual value of sales for these services are over 10.5 billion Euros. (FEDIAF, 2011) In Eastern Europe, in Russia, accordingly to some statistics, are about 12 million pet dogs, while in Ukraine are about 5.1 million. In Western Europe, there were about 43 million pet dogs. The largest populations of pet dogs in this region are in France with 8.8 million, while Italy and Poland each had about 7.5 million, and Britain had 6.8 million pet dogs (Coren, 2012).



Source: FEDIAF Statistics September 30, 2011, accessed 05/30/2015

Figure 1. The distribution of species in the total number of pets in Europe according to FEDIAF

Although annual sales in Europe are over 10 billion Euros, there are countries like Spain, Italy where there were veterinarians with financial losses in 2013. On the opposite side are countries like Germany, France, UK. According to the study conducted by Fedia F a good reason for such difference in performance between countries is the number of hours that practitioners have invested in consultations and operations. In the UK, Germany or France they work an average of over 40 hours per week. Smaller clinics provide 12 hours more than the larger clinics and prefer that more than half of their time to be distributed to surgery than consultations. A surgery brings a much higher income than a veterinary consultation and the service providers prefer to have in their work program as many interventions or veterinary services that brought high revenues in their budget.

In Europe the country that is taken as an example, as the pillar, it is the UK where demand in veterinary medical services is expected to increase in the next 5 years due to expectations that owners have for their pet's health. Currently this market has a profit around 2.8 billion pounds a year and is estimated to grow by 1.7% each year. Like the US, pet owners prefer to sacrifice their own needs to pay a health insurance policy because "the family member" needs access to the most advanced and sophisticated veterinary medical services, 25% of households already bought an insurance policy. Advanced surgical procedures are expected to further boost profits this market due to high prices. Prices will be high due to the equipment used in operations, equipment that is cutting edge in terms of technology. By the 2018-2019 economic recession traces will disappear completely in this market.

The veterinary services market has a low level of concentration in market share, the four largest firms have a

combined market share exceeding 15%. Small companies suffer the most because none has a market share of more than 5% of total industry revenues and thus their future in this market is uncertain. The only major player is CVS Group (IBISWorld, 2013). In Germany the situation is a little different. In the spirit of providing their pets the best care and functional products of the highest quality in order to improve their health and wellbeing, German consumers proved to be less price sensitive than other pet owners in the EU countries. However, the high level of competition in the market for pet care, along with the continued growth of private label, put enormous pressure on manufacturers and service providers who need to use updating and promotions as the main tools to maintain or increase sales that constantly undervalue each other in terms of prices for veterinary products and medical services (Euromonitor International, 2013). Despite all the risks and threats to economic growth, such as price pressure, maturity and intense competition in the industry of pet care, it is expected to further moderate growth over the next five years, largely due to the medical assistance for pets, and other products that help and support the welfare of companion animals. Pet owners in Germany are likely to continue to seek the best price-value ratio, they are willing to do and buy whatever it takes to improve the health of their pets, whose importance in human life is expected to continue to grow.

On the Asian continent, China is the mainstay of market representation for pet veterinary medical services. Having a pet in Hong Kong is an increasingly trend of popularity and growing in the future. This together with the trend of humanizing pets will lead to extensive applications of the most complex veterinary services, from basic services to the luxurious ones (Euromonitor International, 2013). In conclusion, it is hard to realize the actual market size of the veterinary medical services for pets because we are dealing with factors that are in constant change or are currently impossible to analyze because of variables that cannot be controlled and in some cases are difficult to quantify in figures:

- The demographic factor: the market is very important for veterinary medical services and unfortunately is difficult to quantify because there isn't a database, only statistics based on sales taken on different regions / countries compiled by the companies producing pet food.
- The legislative factor: there are countries like USA, UK, Germany, France where strict laws are imposing strict rules for pet owners and their registration in a database but there is always some "omissions".
- The socio-cultural factor: the behavior of pet owners is in constant change. If 100 years ago pets were purchased only for a specific purpose, namely: the dog to guard, the cat to hunt rodents, birds to delight the ears of owners, etc. nowadays the purpose of purchasing a pet has changed, many owners are using the expression "family member"
- The economic factor: the costs for the welfare of a "family member" have increased significantly although in some cases the owner's revenue fell. Plans have been developed specifically for helping the increase of funding for "family members" such as health insurance policy or pay the fee in installments benefit achieved.

Taking into account the factors above and the events on actual market developments over the years, appears a logical explanation that there is a great potential in this area that can be exploited using extensive research and effective marketing strategies implemented. Currently, by this research done, it appears that essentially only in the least developed countries with a high poverty level the veterinary medical services sector suffers.

In developed countries and in developing countries where the trend of humanizing pets is growing, veterinary services industry known a highly developed and diversified level and meet the most demanding requirements of consumers and "his family members". Following the qualitative research done here, we can see that the market size of the veterinary medical services for pets and the factors that influence it positively, thus the international market can be considered a real "nursery" and its trends are constantly developing and diversifying.

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