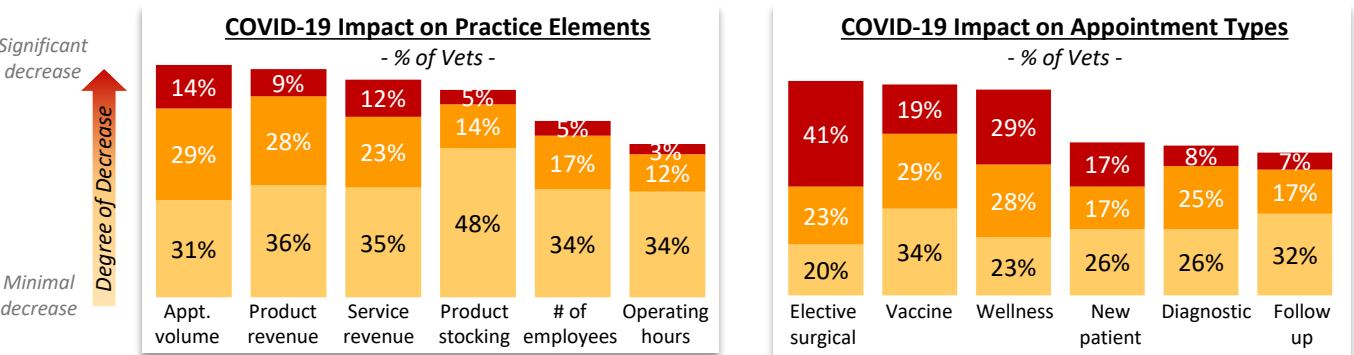


# Impact of COVID-19 on U.S. Veterinary Clinics

## Navigating Veterinary Care Through a Global Pandemic

Across the US, COVID-19 has had a substantial impact on Vet clinics, their clients and patients alike. As state-mandated quarantines have forced Vet clinics to adapt to a new norm, providing quality care while maintaining business profitability has proven difficult. Vets and manufacturers can continue to work together to navigate through these unprecedented times.



- Vets reported COVID-19's largest impact on their appointment volume, product revenue, service revenue, and product stocking
- ≥80% of Vets stated a decrease in elective surgical visits, vaccine visits and wellness exams
- While there was some degree of decline across most appointment types, 28-45% of Vets reported some degree of increase in sick visits, emergency non-surgical visits and new patient visits

**91%**  
of clinics have increased clinic sanitation protocol

**89%**  
of clinics have implemented distance appointments

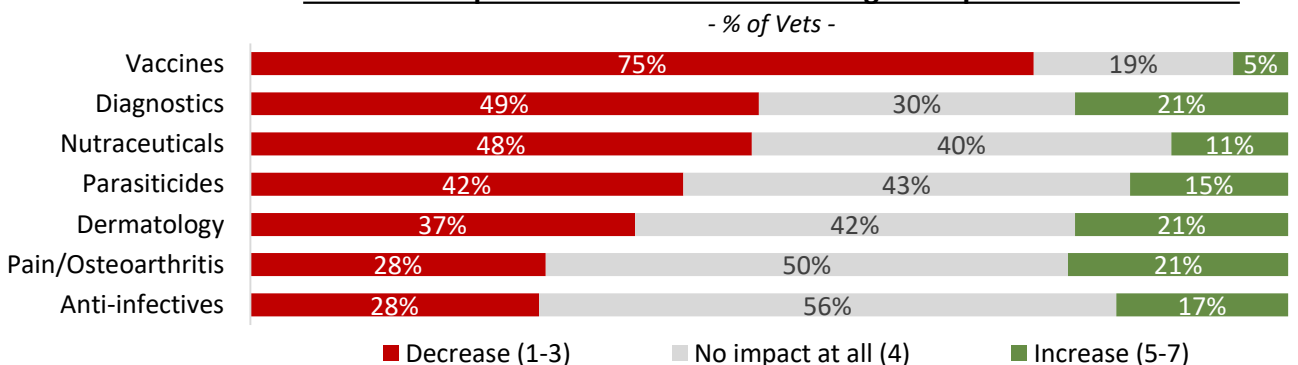
**64%**  
of clinics have started offering phone/web consults

**28%**  
of clinics have provided live telemedicine appointments

**16%** of pet owners typically given an in-clinic administered product were switched to an at-home alternative medication due to COVID-19; Vets anticipate **72%** will revert to their prior treatment once their practice returns to its normal routine

- Amongst all therapeutic product areas, client demand for vaccines was negatively impacted the most, followed by diagnostics and nutraceuticals

### COVID-19 Impact on Client Demand Among Therapeutic Product Areas



Scale: 1-7 (1=Significant decrease, 4= No impact at all, 7=Significant increase)

This survey was conducted among 151 companion animal veterinarians across the US. This survey was fielded between April 23<sup>rd</sup> and April 24<sup>th</sup>, 2020; the data in this report was collected by Survey Healthcare Globus (SHG).

## COVID-19 Impact on Client Purchasing Channels by Therapeutic Area

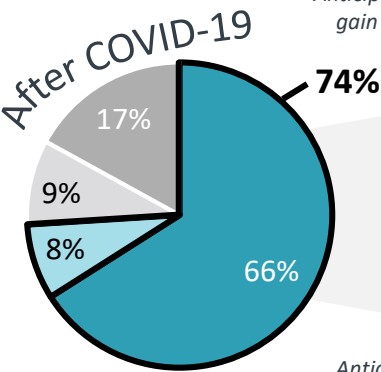
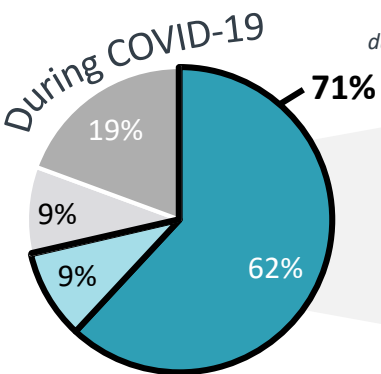
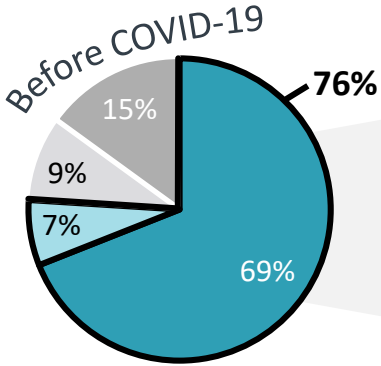
Total Clinic Affiliated Sales

- In-clinic pharmacy
- Clinic affiliated online pharmacy
- Cumulative Clinic Sales

Total Non-Clinic Affiliated Sales

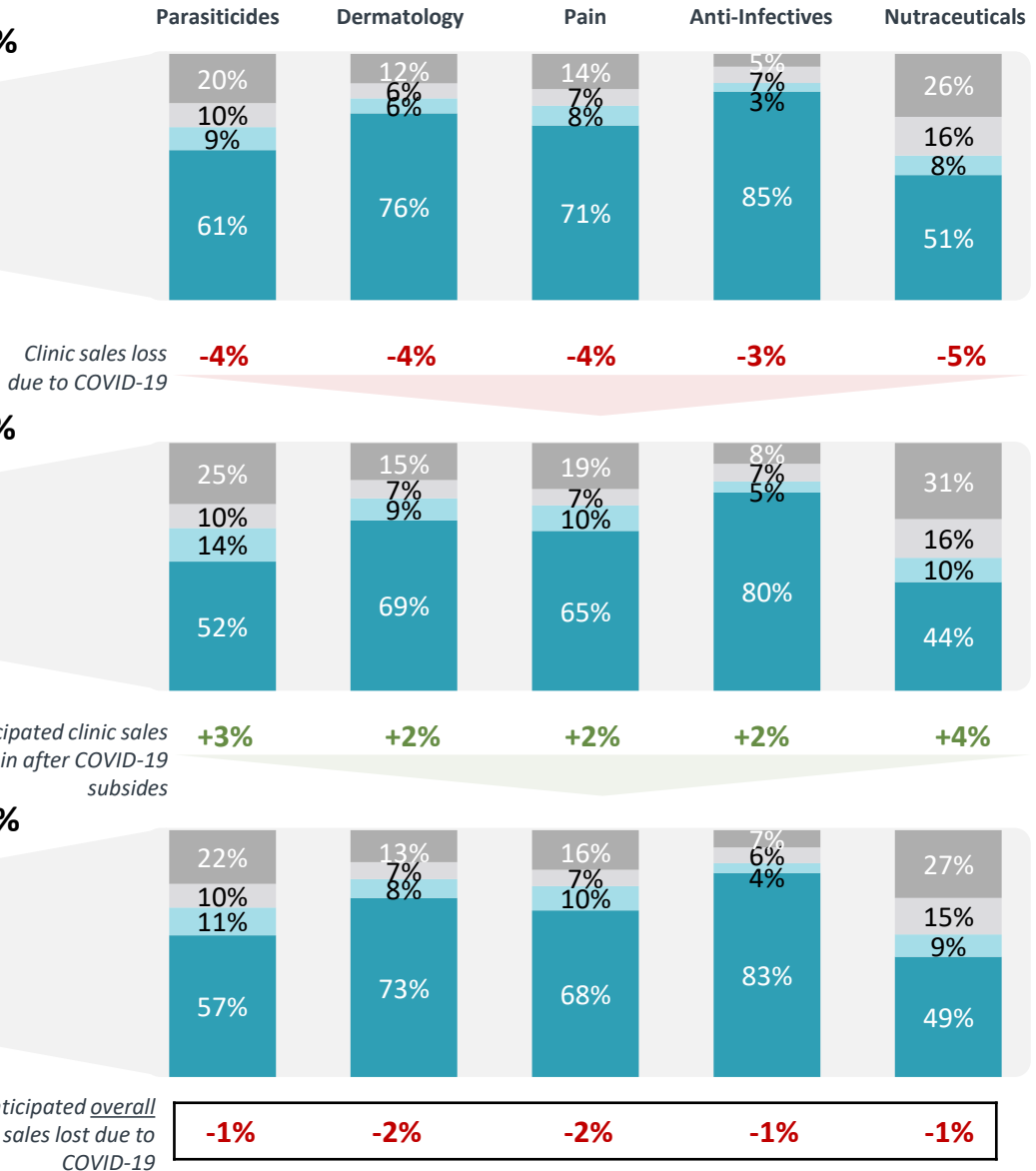
- Non-clinic affiliated online pharmacy
- Non-clinic affiliated brick & mortar pharmacy

### Distribution of Product Purchase by Purchasing Channel



### Therapeutic Product Area Sales Breakout

- % of client purchases -



In response to COVID-19, Vets have implemented permanent solutions to ensure clinic affiliated sales... *“We are starting an affiliated online pharmacy and hopefully through marketing [it], this will help avoid out-of-hospital purchases.”*

Although Vets report ~5% loss of clinic affiliated pharmacy sales during COVID-19, once clinic routines return to normal **Vets only anticipate a 1-2% overall loss of sales** to retail pharmacy channels.

- Vets plan on increasing efficiencies, implement price increases, take out loans/apply for grants and increase marketing efforts in an attempt to compensate for lost revenue due to COVID-19
- **21%** of Vets anticipate no change to clinic routine other than returning to business as usual to recoup lost revenue

**Vets' Action Plans in Response to Lost Revenue due to COVID-19**

- % of Vets -



“

*Cutting staff hours and decreasing appointment times to allow more appointments during the day.*

*Offer extended hours to play catch up, have promotions to draw folks in with their pets, and look into payment plans.*

*Try to raise prices and increase staff to keep up on the back log of routine visits.*

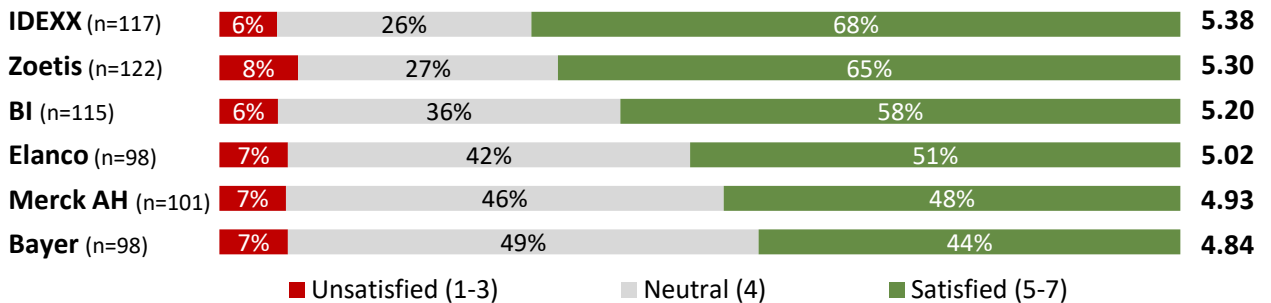
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- Overall, Vets were satisfied with manufacturers' response to help Vet clinics during the COVID-19 pandemic

**Vets' Satisfaction with Manufacturers' Response to COVID-19**

- % of Vets -

**Average**



■ Unsatisfied (1-3)    ■ Neutral (4)    ■ Satisfied (5-7)

Scale: 1-7 (1=Extremely unsatisfied, 4=Neutral, 7=Extremely satisfied)

- Thinking ahead to when Vet clinics return to their normal routine, Vets hoped manufacturers would offer different types of support for their companion animal clinic. The top 3 were:

**26%** Discounts/Incentives

*Payment deferral, limited or no interest accrual on late payments. Accept returns of expired product.*

**25%** Deferred Billing

*Considering the financial impact, any kind of value added/discount programs would be appreciated.*

**15%** Check-ins/Support

*It would be great to see an increase in rebates for clients so we can pass these along to clients, which will hopefully help drive traffic to us.*

”



**Foster | Rosenblatt – Key Takeaways**



- While Vets report a slight decrease across clinic revenue streams, they **do not anticipate current losses impacting long-term practice sales**
- In order for Vets to **transition back to a normal routine and to recapture lost revenue**, they are looking to manufacturers for support in the form of discounts or incentives and deferred billing



## Foster | Rosenblatt

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### Executive Biography

Anna is among the Animal Health industry's most knowledgeable launch strategy experts. Her work supports many of the world's most valuable product portfolios in both the companion animal and farm animal/livestock spaces. Her skills include knowledge and techniques that address the most critical commercial issues facing a brand.

Anna began her life sciences career in human health where she worked for IMS Health as a consultant in opportunity assessment and advanced predictive analytics. Previously, she had worked in multiple senior marketing roles in fast-moving consumer goods. She joined Foster|Rosenblatt in 2009 as a leader in multiple business intelligence practice areas. Due to high demand for her services in animal health, Anna is now exclusively focused in this area. She has run F|R Animal Health business unit since the group's inception.

Anna and the entire F|R Animal Health Group help brands find their unique selling proposition for target segments by fostering a deep understanding of markets, customers and promotional levers.

**Strategic Market Research**

**Brand Strategy & Planning**

**Promotional Analytics**

**Pricing**

**Competitive Assessment**

**Forecasting**

### About Foster | Rosenblatt Animal Health

The F|R Animal Health is the industry leader in comprehensive commercial consulting services that are specific to this unique sector of the life sciences industry. We are marketing and sales experts in both the companion animal and farm animal/livestock spaces. Our clients rely on us to deliver customer and strategic insights that maximize the value of their in-line products and R&D pipeline.

The F|R Animal Health is a unit of Foster|Rosenblatt, an international commercial advisory and training firm exclusively focused on life sciences.