

2020 VBG Webinar

Dr Steve Pryor & Clinton Kay

The WHY and HOW of Vets Choice



- Introduction
- Speakers
- Australian Pet Ownership
- Australian Pet Owners
- Pet Expenditure
- Pets & Vets
- Pet Insurance
- Working with Pet Insurance
- The AVA & Guilds partnership
- The Vets Choice Brand, Products and offering.
- Q&A – Open Mike



Data Sources:

Roy Morgan Single Source Australia 12

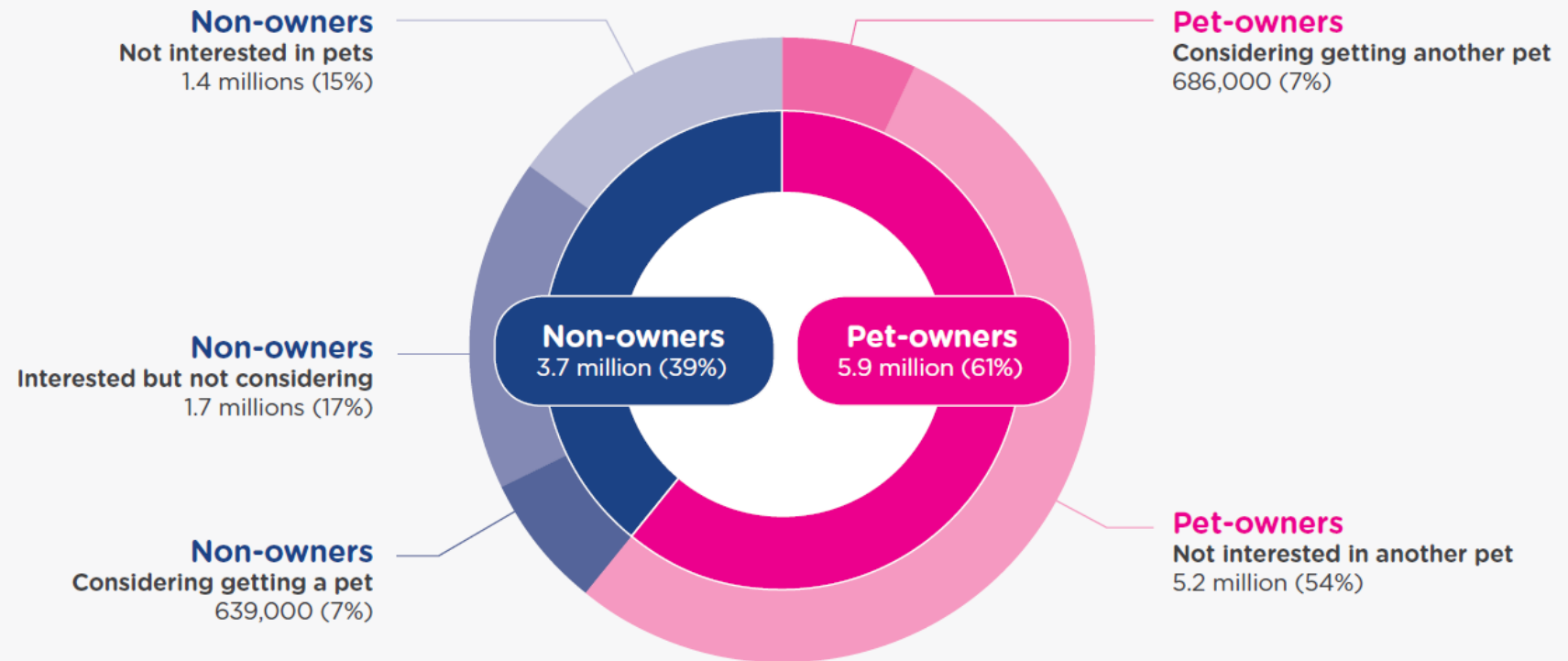
Months Ended March 2018

Animal Medicines Australia “Pets in Australia Survey” February 2019

Australian Pet Ownership



Australian households by current and prospective pet ownership



The Australian Pet Industry



Pet ownership in Australia 2019	Household penetration (%)	Total owner Households ('000)	Animals per household (ave.)	Total pet Animals (000)
Dogs	39.9	3,848.2	1.3	5,104.7
Cats	27.0	2,602.4	1.4	3,766.6
Fish	11.0	1,056.8	10.7	11,331.7
Birds	9.0	867.9	6.4	5,569.4
Small mammals	2.7	257.8	2.4	614.5
Reptiles	2.0	194.5	1.9	364.2
Other pets	2.0	194.8	9.2	1,785.3
Pet Owners	61.0	5.9 m		28.5 m
Non-Owners	38.9	3.7 m		



The Australian Pet market is a \$13B industry

Australia is one of the highest pet owning countries globally

The Australian Pet Industry



5.7M of Australia's 9.2M households own pets

Dogs continue to be the favoured pets with almost two thirds of pet owning households owning dogs over cats – there are an estimated 20-dogs in Australia for every 100 people

- Mixed breed dogs are now the most popular type of dog in Australia, up from 40% in 2016 to 46%
- The Majority of cats in Australia are mixed breed – 71%



Most popular breeds used to create designer dogs



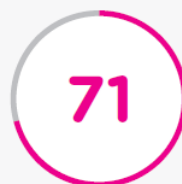
Most popular pure breed cats / breeds used to create designer cats



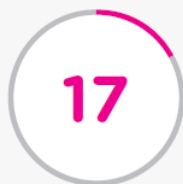
Pet Ownership



Impact of pet ownership on life (%)



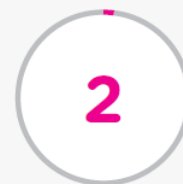
Very positive



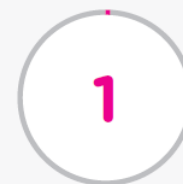
Somewhat positive



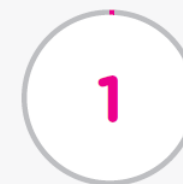
Neither positive nor negative



Somewhat negative

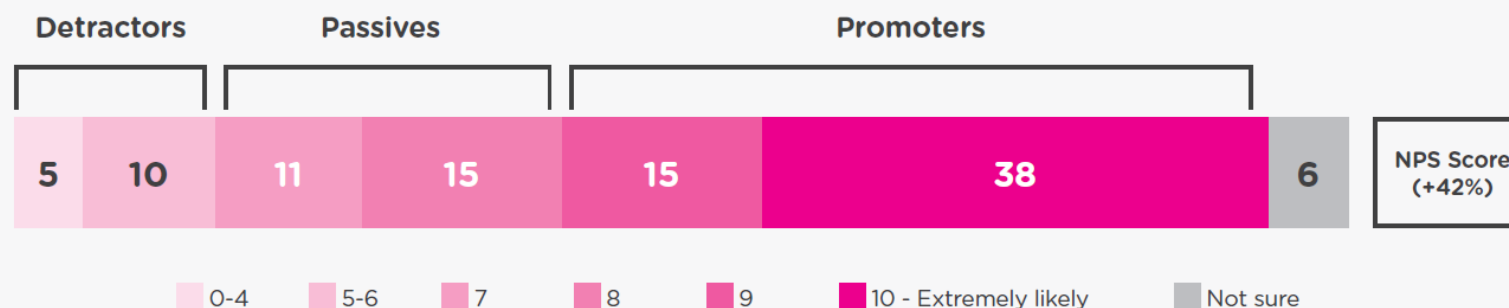


Very negative



Not sure

Likelihood to recommend getting a pet (%)



QF20. All things considered, how likely would you be to recommend getting a pet to a friend or family member who didn't have one? Base: Pet owners (n=1,221).

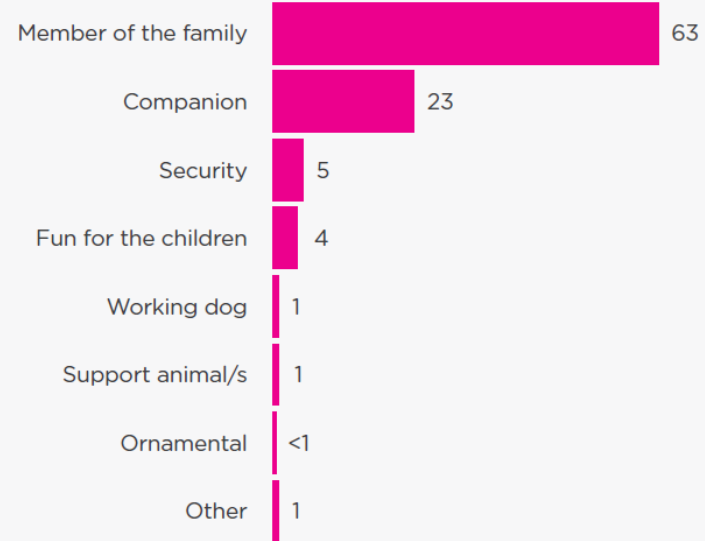
Vets are part of the feel good industry!



Australian Pets

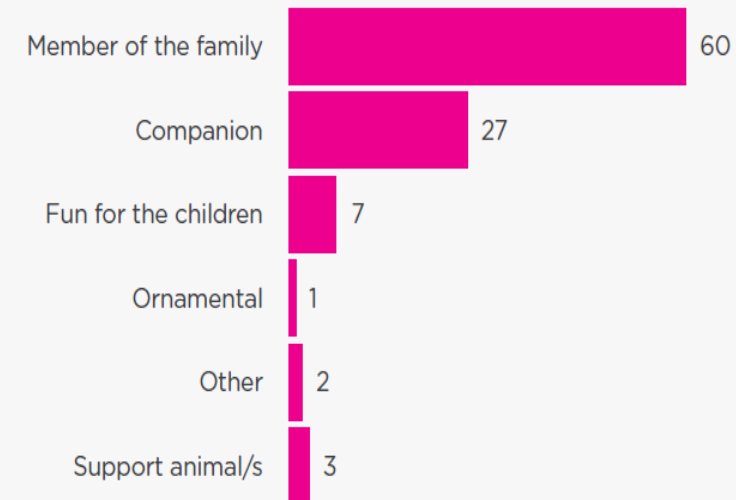


What is the main role your dog plays in your household (%)



QD11. What is the main role [DOG] plays in your household? Base: (n=1,013 dogs).

What is the main role your cat plays in your household (%)



QC10. What is the main role [CAT] plays in your household? Base: (n=705 cats).



Pet Owners - Generational



	Aged <40yrs	Aged 40yrs+
Give them gifts for special occasions	40%	33%
Bought or made them outfits / costumes	21%	8%
Arranging playdates with other pets	19%	11%
Calling or video calling them while away from home	13%	3%
Actively participating in pet owner social media groups	10%	5%
Throwing them a birthday party with other pets and people	10%	3%
Opening a social media account for them	9%	2%
Installing home monitoring cameras for them	9%	2%
Wearing matching outfits / accessories with them	6%	1%

QF17. Have you ever done any of the following for your pet/s? Base: Pet owners (n=1,221).

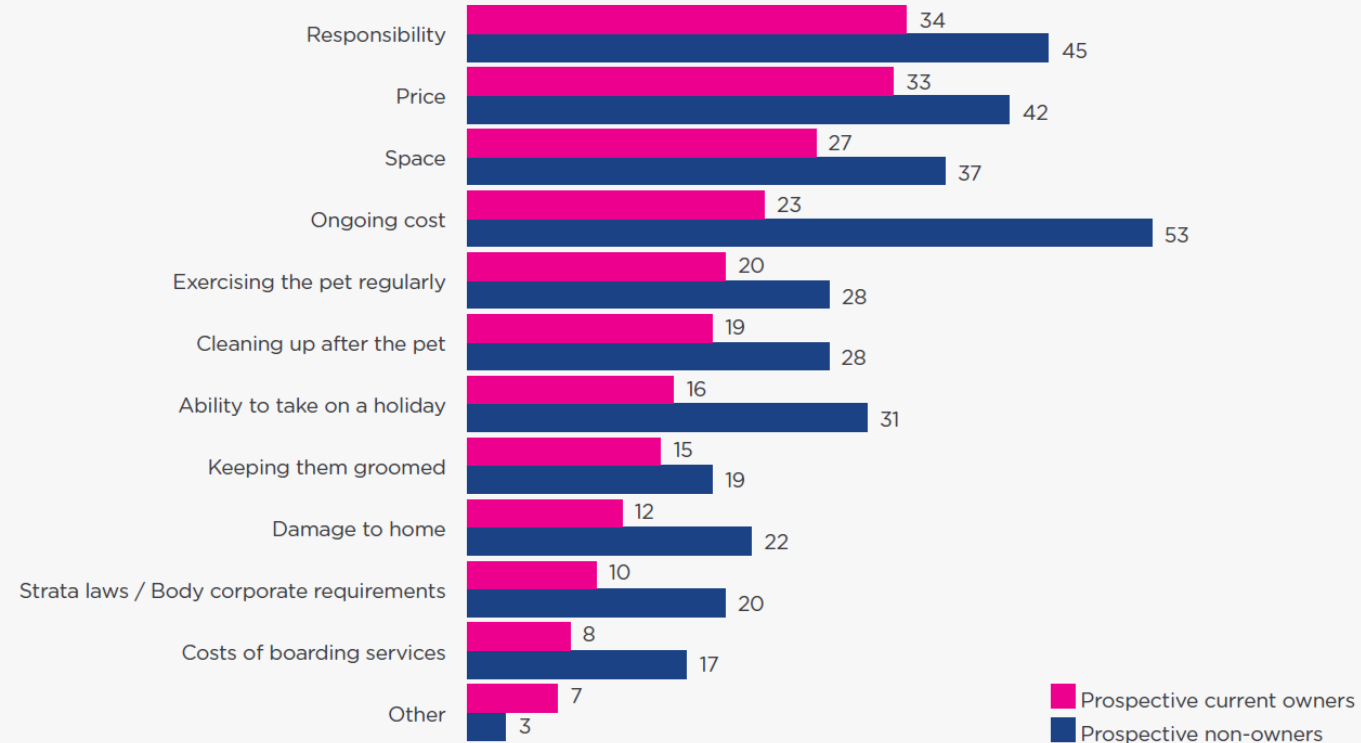
Illustrative of the changing attitude to pet ownership



Barriers to Pet Ownership



Factors influencing prospective pet ownership (%)

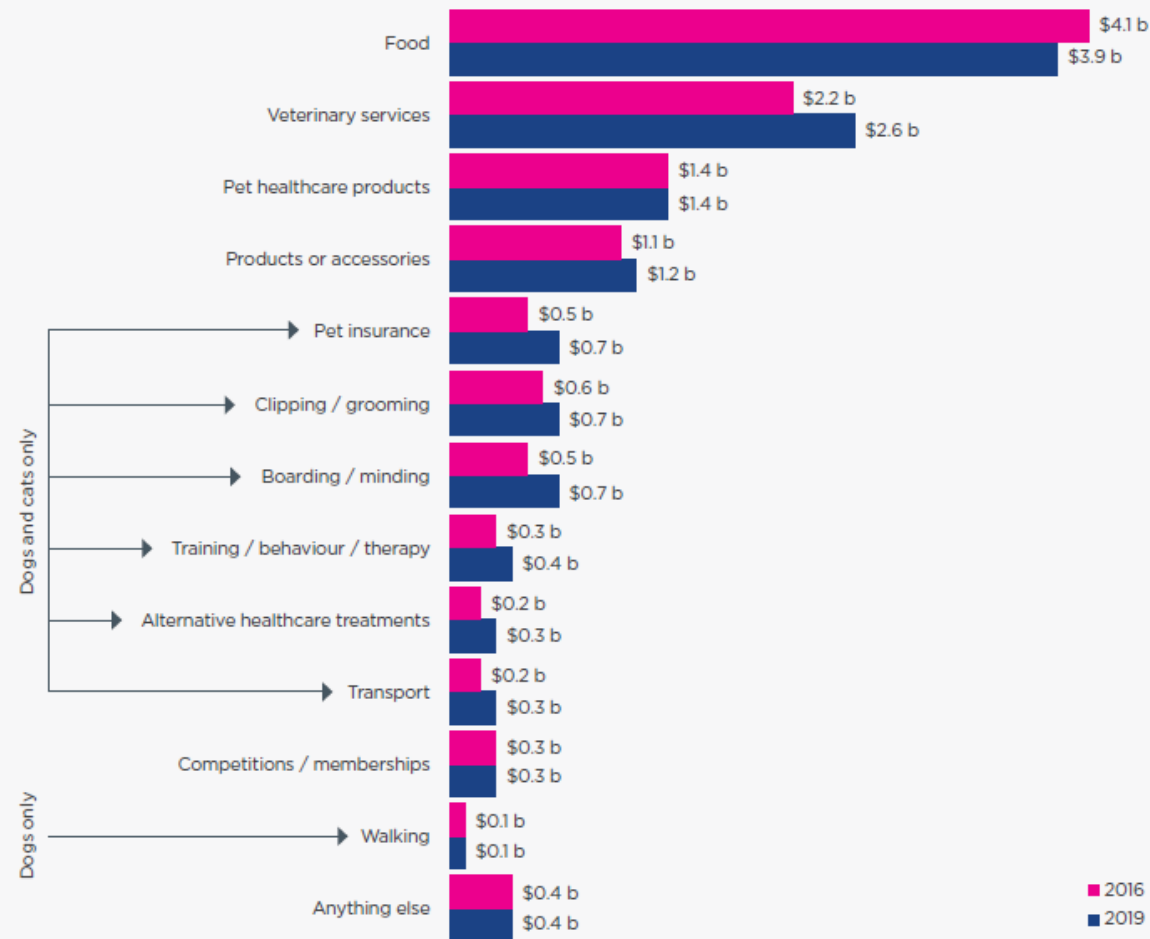


Opportunity for education



Pet Expenditure

Total expenditure by category (\$ billions)*



Expenditure With Vets



Total household expenditure on veterinary services	Dog Owners	Cat Owners	Fish Owners	Bird Owners	Small mammals Owners	Reptiles Owners	Total*
National total, 2019 (\$m)	\$1,810 m	\$678 m	\$25 m	\$52 m	\$35 m	\$15 m	\$2,616 m
Change since 2016 (\$m)	+ \$439 m	- \$51 m	- \$4 m	+ \$7 m	+ \$16 m	+ \$6 m	+ \$414 m
Change since 2016 (%)	+32%	-7%	-12%	+15%	+79%	+73%	+19%

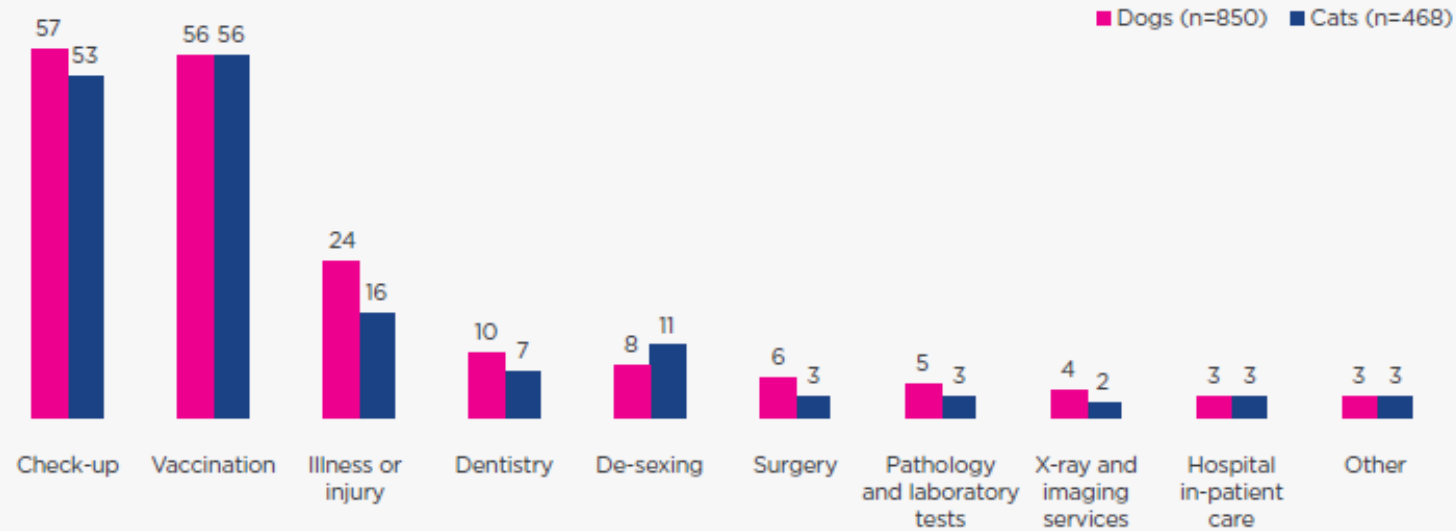
Average household expenditure on veterinary services	Dog Owners	Cat Owners	Fish Owners	Bird Owners	Small mammals Owners	Reptiles Owners
Visited a vet in the past year (%)	84%	68%	13%	27%	41%	28%
[^] Sample size for vet visits (n=)	n=806	n=539	n=213	n=171	n=42	n=40
Average household spend among those who visited the vet (\$)	\$546	\$371	\$185	\$215	\$324	\$271



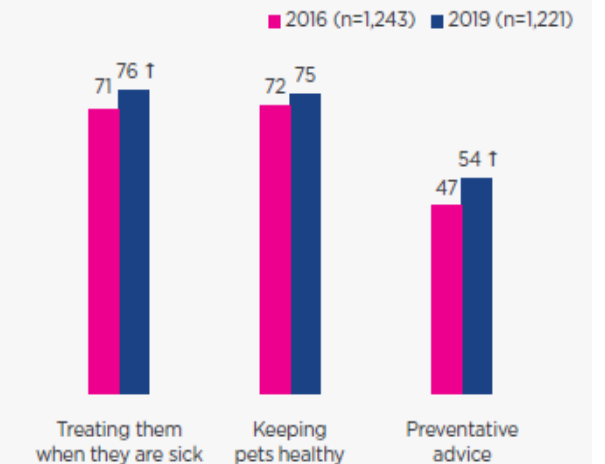
Reasons For Vet Visits



Reasons for visits to the vet, past 12 months (%)



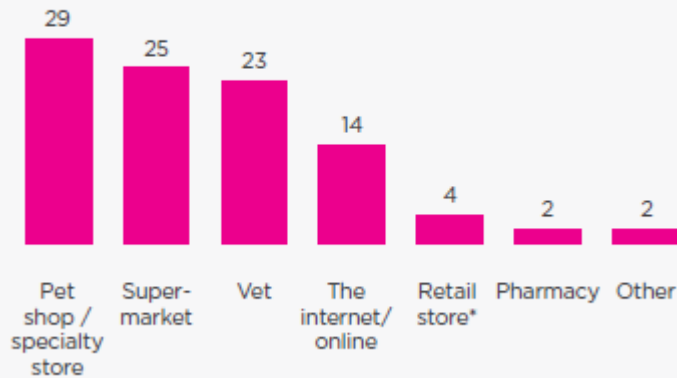
Perceived role of vets (%)



Pet Healthcare Expenditure



Source of majority of pet healthcare products (%)



Pet healthcare products such as flea treatments and dietary supplements account for 11% of all on-going spending by pet owners - representing an estimated \$1.4 billion in sales in 2019, on par with 2016 in nominal terms.

The proportion of households buying the majority of their pet healthcare products online has also remained steady, at 14%. Online purchases are especially popular among pet owners who are Gen X (18%) or female (17%). Consistent with previous years, the most common online purchases in this category were treatments for fleas, worms and ticks.

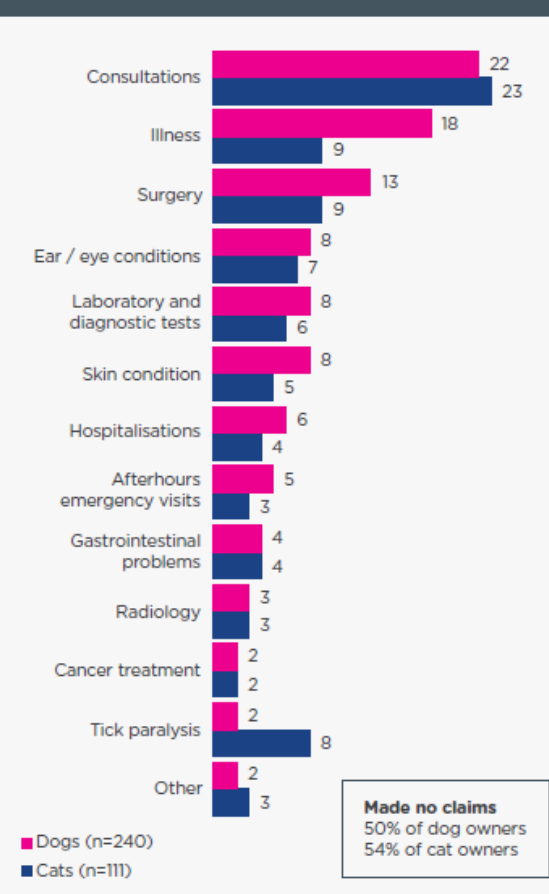
Items purchased online (n=173)	%
Flea treatments	82%
Worming treatments	76%
Tick treatments	59%
Dietary supplements	14%
Other	5%
NET	100%

Meanwhile, Gen Z pet owners and those non-CALD backgrounds are more likely than others to buy healthcare products from the vet - at 35% and 26%, respectively.

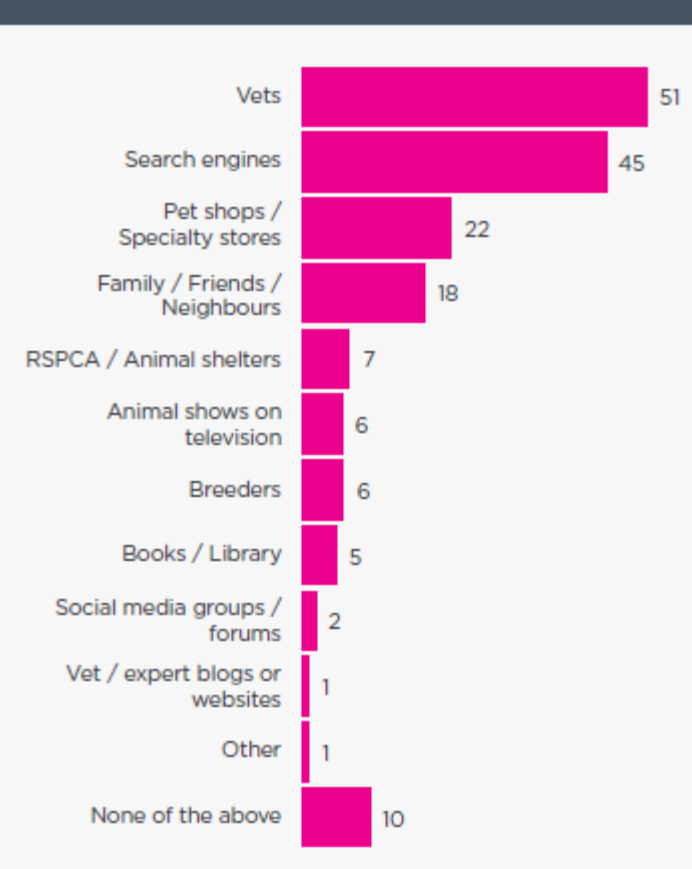


Pet Insurance

Insurance Items claimed within past 12 months (%)



Sources of information used for pet-related issues (%)



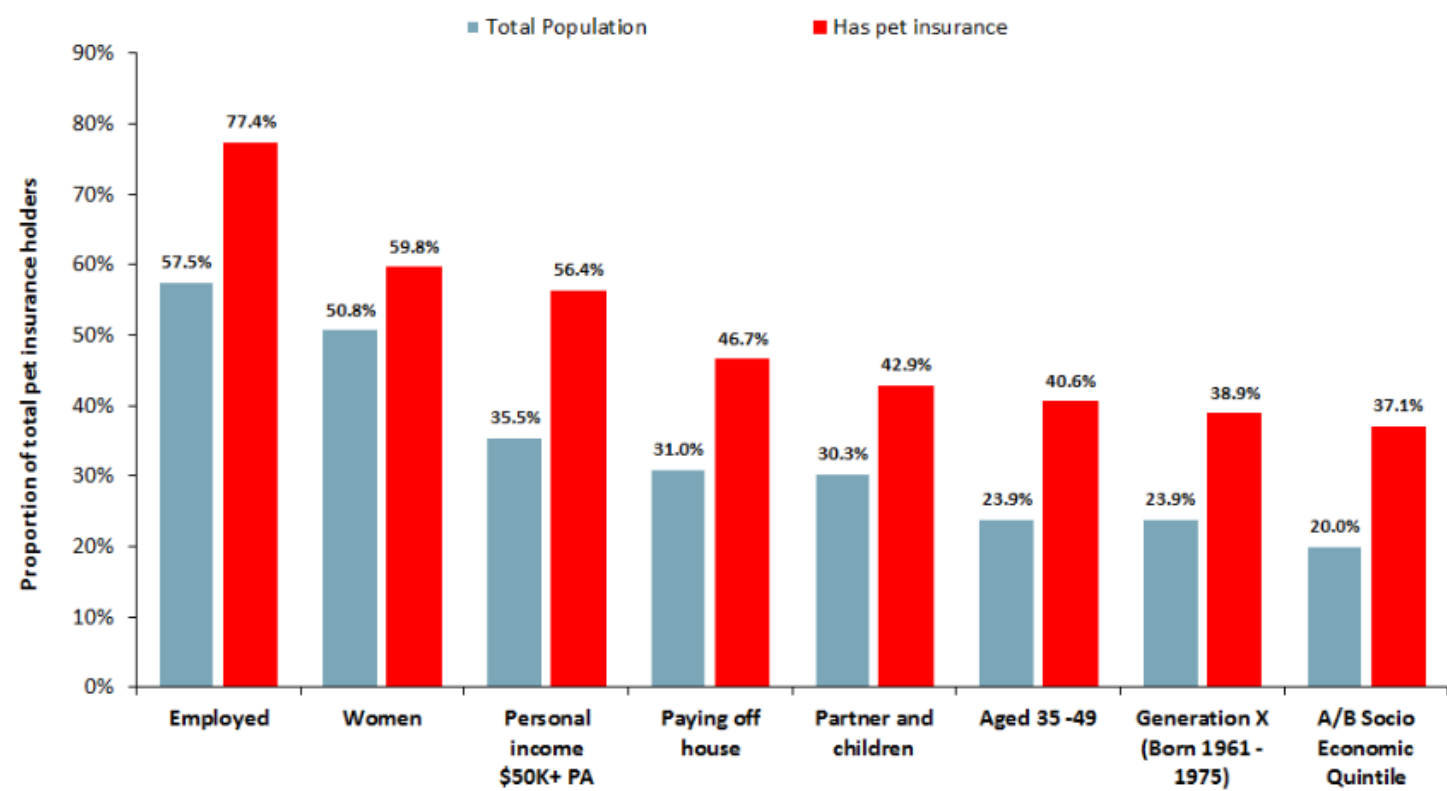
The Australian Pet Insurance market



In 2018 609,000 pet owners in Australia had pet insurance

It is estimated that 7.1% of dogs are insured in comparison to just 3.8% of cats

Profile of Pet Insurance customers in Australia



Source: Roy Morgan
Single Source Australia
12 Months Ended
March 2018



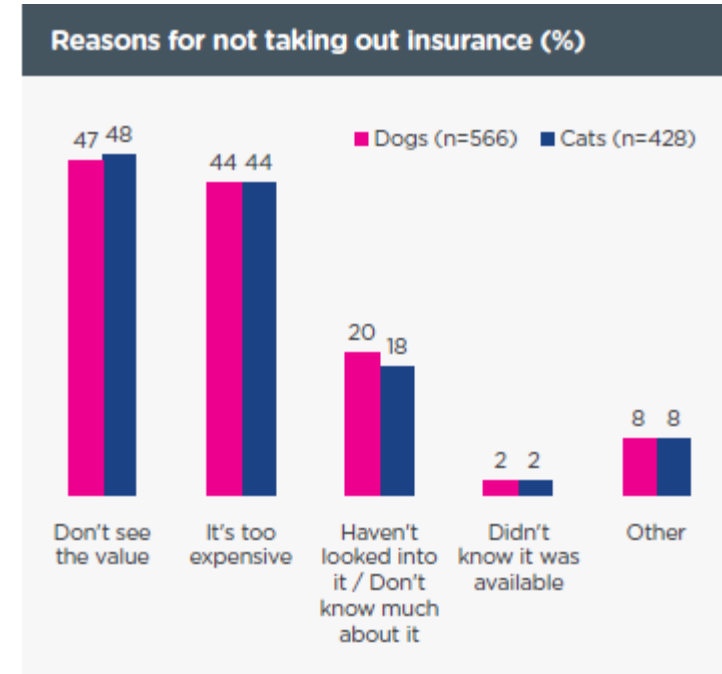
Pet Insurance Take Up



Australians now spend collectively \$745 Million dollars on pet Insurance – the US pet insurance spend has doubled over the last 6-years to US\$1.2B

Australian Pet Insurance premiums have increased 56% over the last 3-years

Nearly a quarter of pet owners have not looked into or were not aware of pet insurance



The Australian Pet Industry



Hollards PetSure entity underwrites 29 of the 35 pet insurance brands available to pet owners in Australia.

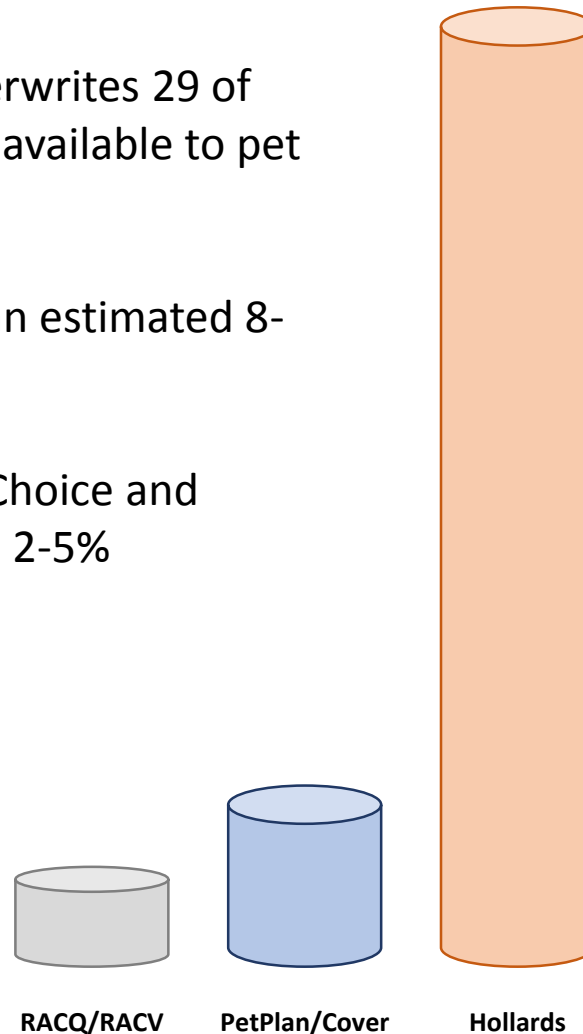
PetPlan and PetCover have an estimated 8-10% market share

With RACQ and RQCV, Vets Choice and Knose sharing the remaining 2-5%

The Australian Pet Insurance market is dominated by one provider – It is estimated that Hollards, via their PetSure entity underwrite approximately 85-90% of pet insurance policies currently purchased

Vets Choice entered the market in June 2019 and was followed by the Allied World Backed Knose in July/August of last year also

- RACQ & RACV share a policy
- PetPlan & Pet Cover policies are underwritten by Mitsui Sumitomo Amlin
- PetSure policies are underwritten by Hollards
- Knose is underwritten by an agency on AWAC paper
- Vets Choice is underwritten 100% by Guild



Promoting Pet Insurance



Do's

- Promote the benefits of pet insurance
- You are able to share features but not benefits of pet insurance policies – What does this mean?
- Factual statements about policies coverages not what they might mean to the customer.

Making Pet Insurance work in your practice

- Have an insurance co-ordinator (Guru)
- Staff Training
- Educating Clients
- Managing Expectations
- Employee Benefit
- PMS record of insurance
- Claiming
- FIO
- Denied Claims



Promoting Pet Insurance



Don'ts

- Don't recommend a specific product or insurer
- Don't provide any product advice outside of stating the policy features
- Don't tell your customers that their pets condition is or would be covered or that their claim will be paid
- Don't tell customers how much of their pets treatment will be able to be claimed back under their policy
- Don't provide advice as to whether one policy or coverage is best for a customer than another offering



CASE STUDY – ELTHAM VETERINARY PRACTICE



- First established 1974, 20 km Northeast of Melbourne CBD. Median House Price Jan 2020: \$950K
- EVP: 2009: Revenue: \$1.2 Million. A.C.T: \$166. Less than 30 insured Clients in total.
- 2010 Insurance identified as a practice driver, Less talk about money
- Practice history of healthy pricing => segmented clients. Premium care benefit of insurance.
- Biggest driver from day one: Recommendation in consult room from Practice Partners/associates. Measurement?
- Extended puppy/kitten consults 10-12 week with handouts, insurance brochure 2014.



CASE STUDY – ELTHAM VETERINARY PRACTICE



ELTHAM VETERINARY PRACTICE

Pet Health Care Record

Eltham Veterinary Practice Gift Certificate

\$20
Off next visit

Since 1973 Eltham Veterinary Practice has provided high quality veterinary care to the local community from the corner Mount Pleasant and Main Roads. With highly trained and experienced veterinary surgeons and nurses, we offer a full range of family pet care services. We were even awarded the Best Veterinary Practice in Australia by the Australian Veterinary Association in 2011.

Number is valid for professional services only and expires _____/_____/_____
One number only redeemable each visit

644 Main Road Eltham | Phone 9439 8650
www.elthamvet.com.au

ELTHAM VETERINARY PRACTICE
Your Friendly Pet Care Experts

11 Points to Perfect Puppy Care

- 1. Vaccination & health check**
We check your pet from head to toe to ensure all is well. Puppies should be vaccinated several times to ensure protection from Canine Distemper, Hepatitis, Parvovirus and Infectious Cough, all of which are serious contagious diseases. Vaccinations can be given from six weeks of age, with booster vaccinations given after 10 weeks and then four weeks later.
 - 6-8 weeks (C3)
 - 10-12 weeks (C5)
 - 14-16 weeks (C4)
- 2. Intestinal worm control**
Intestinal worms are very common in puppies and dogs so regular worming is an important part of your puppy's life. Some dog worms are transmissible to humans! Worming puppies is more frequent than adult dogs and follows the schedule below:
 - Up to 12 weeks: Three to four times with a good quality puppy worming tablet or suspension.
 - At 4 months: Once with a good quality intestinal wormer preparation.
 - Older than 4 months: Every three months ongoing as in adult dogs.
- 3. Heartworm control**
Heartworm is a killer disease. Spread by mosquitoes, heartworm disease can be expensive to treat and treatment is not always successful. Many preventatives exist on the market including daily, monthly and annual options. We often recommend PROHEART, an annual heartworm preventative injection that provides protection for 12 months.

There are many products on the market.
Our recommendation:

[Type text]
- 4. Flea control**
Even a few fleas can cause serious discomfort and even anaemia in young puppies and can spread worms between pets. Fleas are also very efficient at infesting the environment including carpets, flooring and curtains. Outdoors, fleas only breed in the summer, but indoors, fleas breed all year round. There are many products available and some work better in different circumstances.

Our recommendation:
- 5. Teeth and gums**
Just like children, puppies have deciduous teeth or "milk teeth", which are shed around five months of age, when they are replaced by adult teeth. Dental health is essential for a healthy dog and dental disease is a very common problem in our pets as they grow older. Preventing dental disease reduces the costs associated with treating disease later on. There are five ways to keep a dog's teeth clean:
 - Daily brushing
 - Bones a few times a week
 - Dental diets
 - Dental chews and treats
 - Aquafort
- 6. Diet**
Your puppy only gets one opportunity to grow and develop and should get the best nutrition available. With pet food, you get what you pay for and Vet Essentials produces premium pet food. Do not supplement any high quality diet with other nutrients and avoid home cooked meals until the pup grows up. Usually, puppies require 2-3 meals per day.

It is important to start with these activities now, when your pup is young and will get used to the routine.
Our recommendation:

644 Main Road Eltham. Ph: 9439 8650
www.elthamvet.com.au

vets choice

You didn't choose them for their quiet nature

Vets Choice insurance for pets Choose sensible

While you didn't choose your pet for their quiet nature we know you wouldn't want them any other way. Here at Vets Choice we're sensible, so they don't have to be.

ELTHAM VETERINARY PRACTICE
Your Friendly Pet Care Experts
Drs. Steve Pryor & Gus Braniff and Associates
Open Mon-Fri 8am - 7pm Saturday 8am - 1pm
644 Main Rd, Eltham | www.elthamvet.com.au
9439 8650



CASE STUDY – ELTHAM VETERINARY PRACTICE



ELTHAM
VETERINARY
PRACTICE



- Staff training from insurance providers 2014 then yearly.
- Free 4 week puppy/kitten cover - Staff input at reception see cases.
- Staff submitting insurance claims 2013, clients now rely on this
- Changing PMS to expedite claims 2018
- Involvement in setting up insurance for Guild 2019
- Guild Rooky Insurance. Staff Training 2020
- 2019: Revenue \$2.84M. A.C.T.: \$220

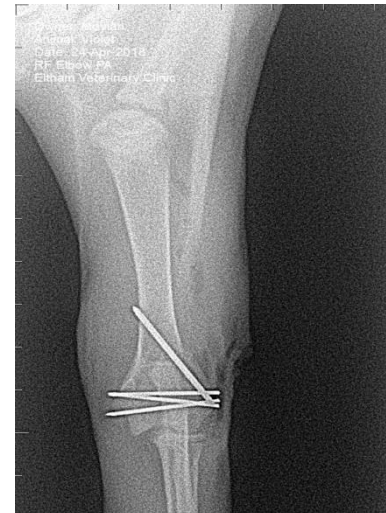


Puppy/Kitten Insurance Cases



- AXEL DOGANGUM – 14 week old Doberman presented to emergency Centre with acute vomiting.
- Referred back to EVP with suspected intestinal FB.
- Exploratory Laparotomy to remove stopper from chair leg obstructing SI
- Full recovery 48 hours. Total cost including Emergency centre: \$3,900.

- VIOLET MOYLAN – 14 week old British Short Haired presented to EVP acutely Lamé Left fore after falling off stairs.
- Salter Harris Type IV Distal Humeral Fracture repaired with K wires. Total cost: \$2,800



The AVA & Guild – Vets Choice



- Built by Vets for vets and pet owners
- Guild's commitment to vets and the veterinary profession
- Simple to understand and competitively priced products
- Optional extensions to include Dental and Preventative Dental Cover
- No Co-insurance
- No-exclusions
- Cover for pre-existing conditions – not excluded
- Exclusive to vet partners free 28-day Kitten and puppy policy

We listened to the customer feedback, Choices recommendations and you



Vets Choice and the AVA



- 10% of the premiums from all policies sold, new and renewing for the life of the policies is paid to the AVA
- 8% of the premiums from pet owners who have been referred to us by partner vets is paid to the referring vet for the life of the policy, new policies and renewals
- 5% of retained premiums is paid into a charitable pool. This pool is shared 50-50 with the AVA and Guild. Guild donates their 50% of this fund to their nominated charities – Lort Smith and Sydney Dogs and Cats.
- The AVA's 50% is paid to the Vets Benevolent Fund.
- Vet practice staff are eligible for a 25% discount on their own Vets Choice Policies.
- Online claims lodgement for customers – no need for vet practice staff to do this



We are committed to increasing the take up pet insurance amongst your customers and in the promotion of responsible and proactive pet ownership.

