

We're In a Recession – Here's What You Need to Do

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VETERINARY
MEDICAL
ASSOCIATION
EXECUTIVES

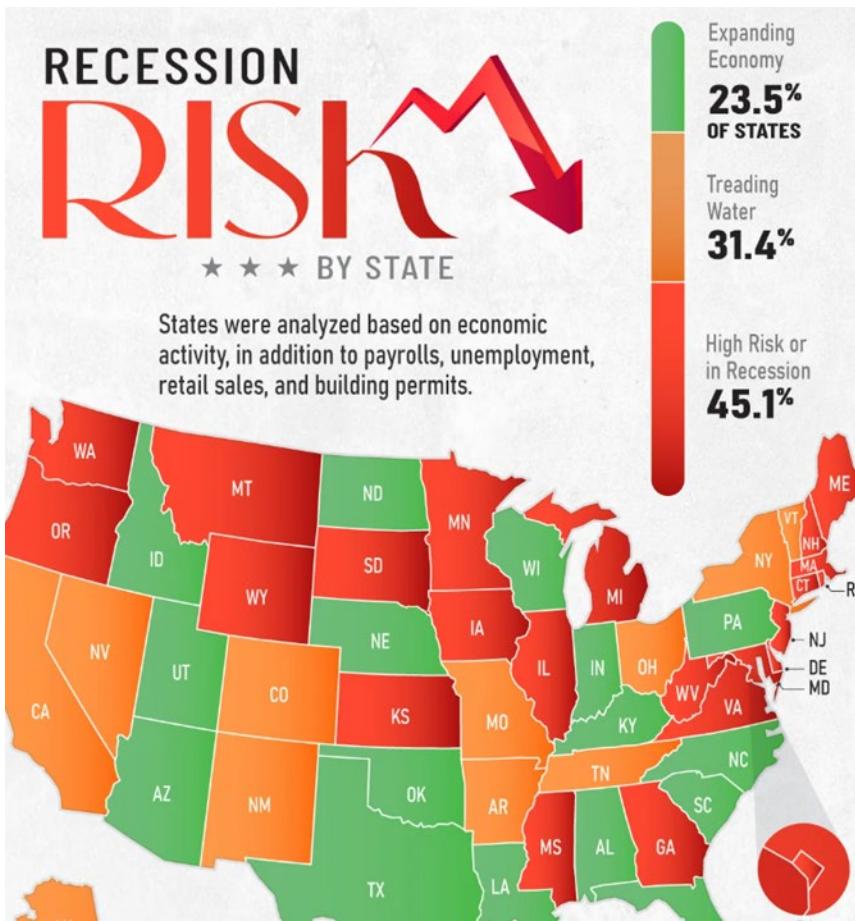
Agenda

- The Veterinary Economy
- Pet Owners Attitudes
- Playing Both Sides of the “K” Recovery
 - Increasing Compliance – Restarting Best Practices
 - Marketing Dentistry – Best Practices

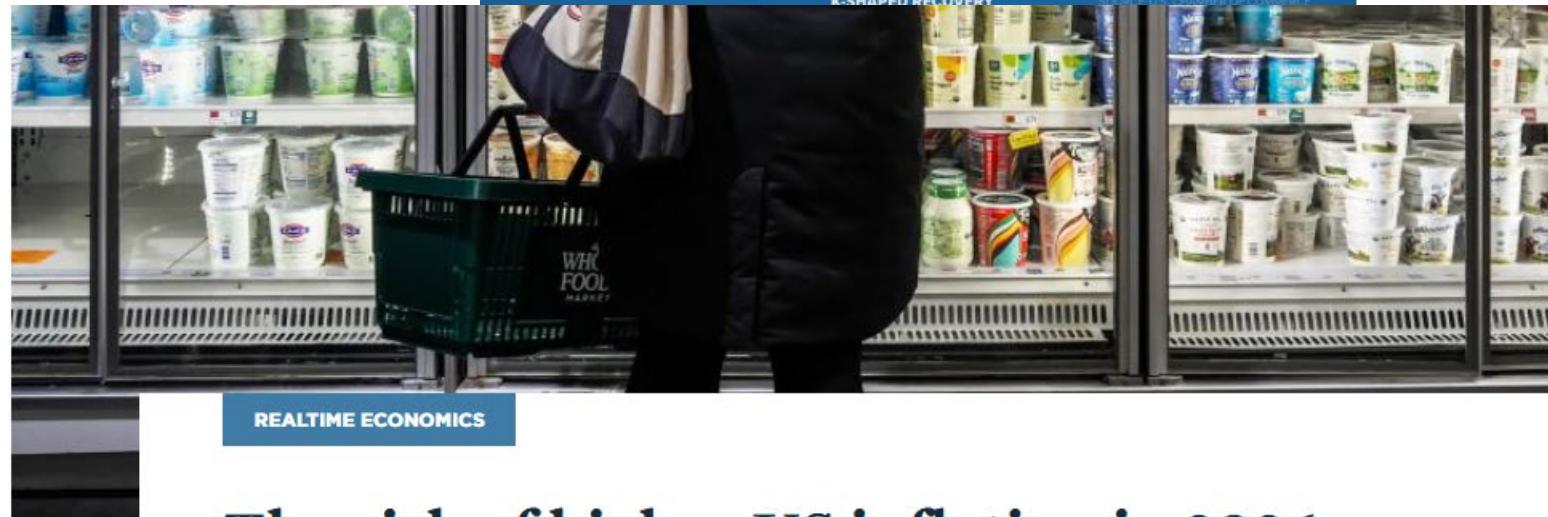
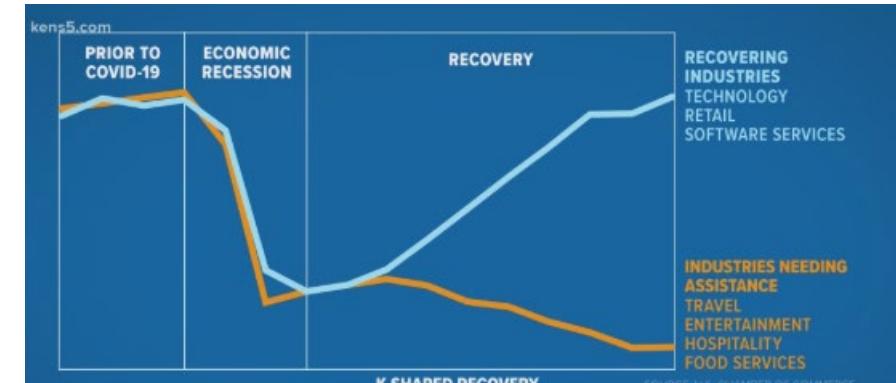
The Current State of the Veterinary Economy

“What you see depends on where you stand.”

C.S. Lewis



The K-shaped economy in 2026: Inequality, technology and the next growth divide



The risk of higher US inflation in 2026

Animal Spirits

Consumer Confidence Index®

Index, 1985 = 100



*Shaded areas represent periods of recession.

Sources: The Conference Board; NBER

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Veterinary Revenue Slowing on Declining Clients

Last 12 months

Growth in revenue and visits

● Revenue YoY (14-Day Avg) ● Visits YoY (14-Day Avg)



2.4%

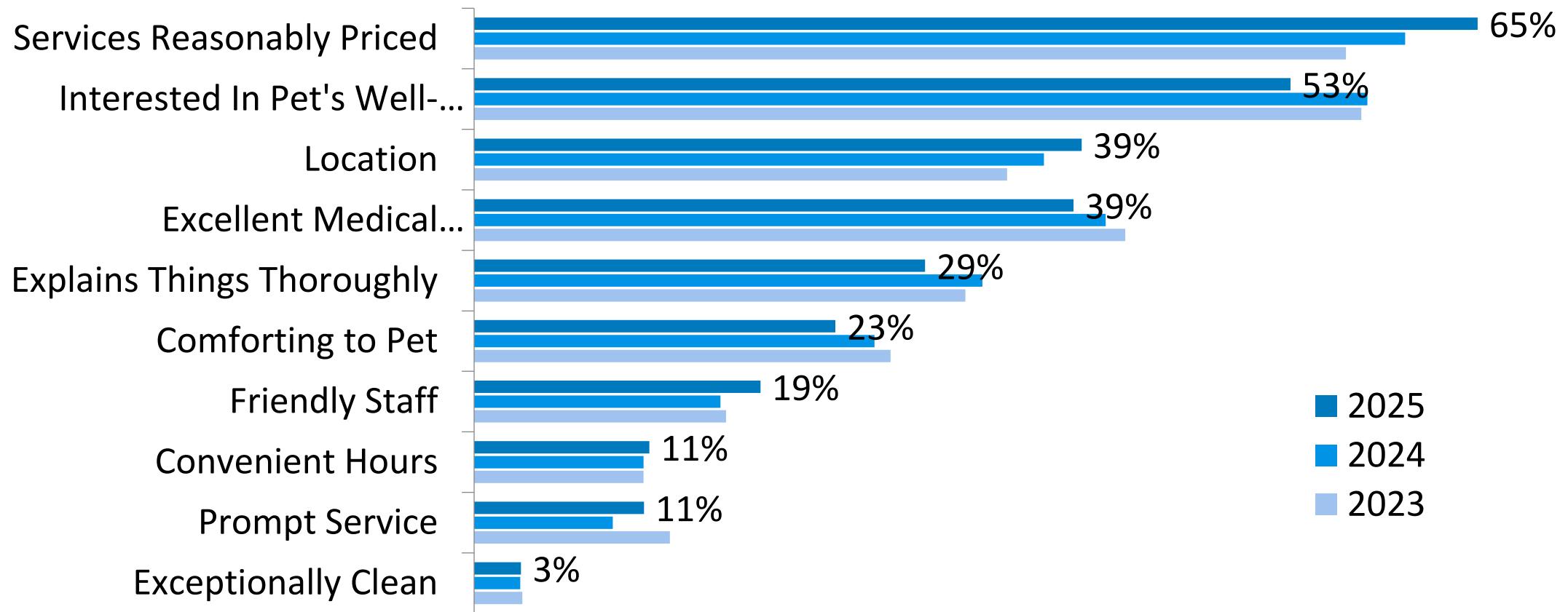
Revenue YoY (Last 12 months)

-2.8%

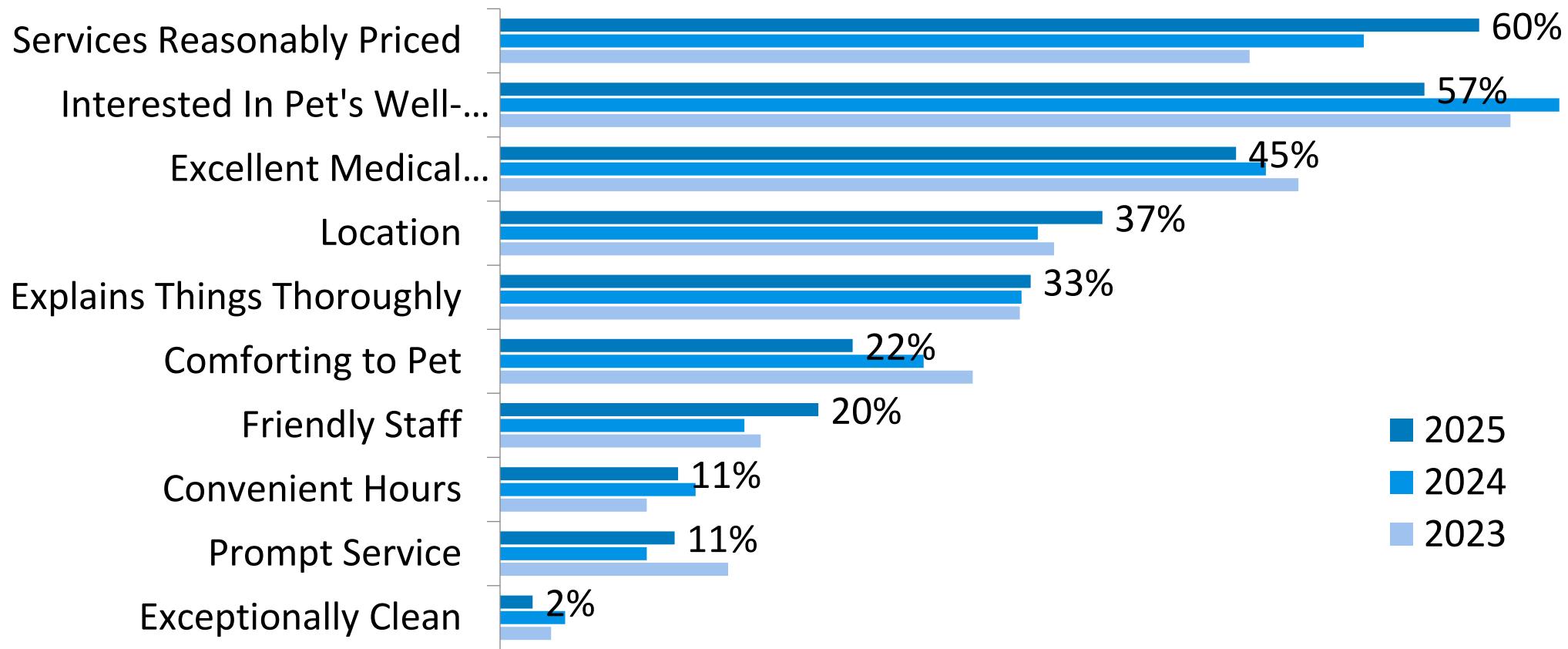
Visits YoY (Last 12 months)

Client Sentiment

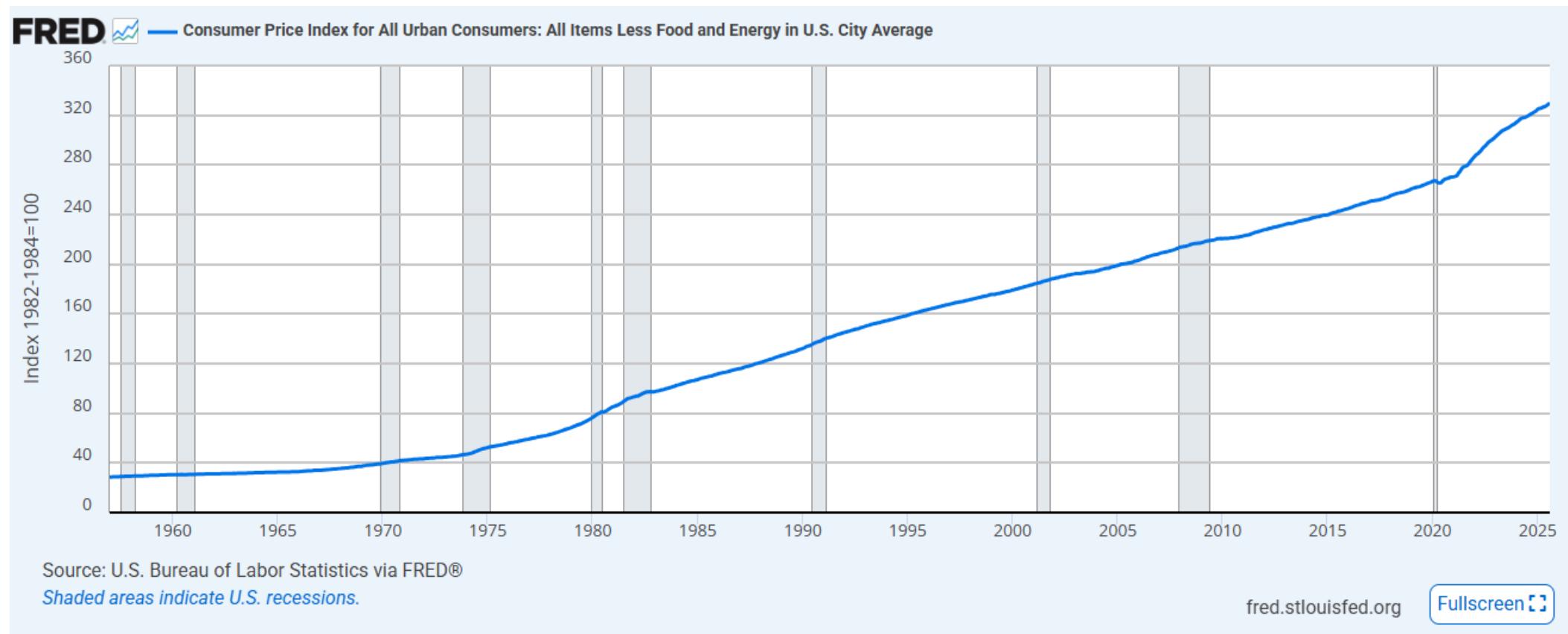
Most Important Factors in Choosing Veterinarian



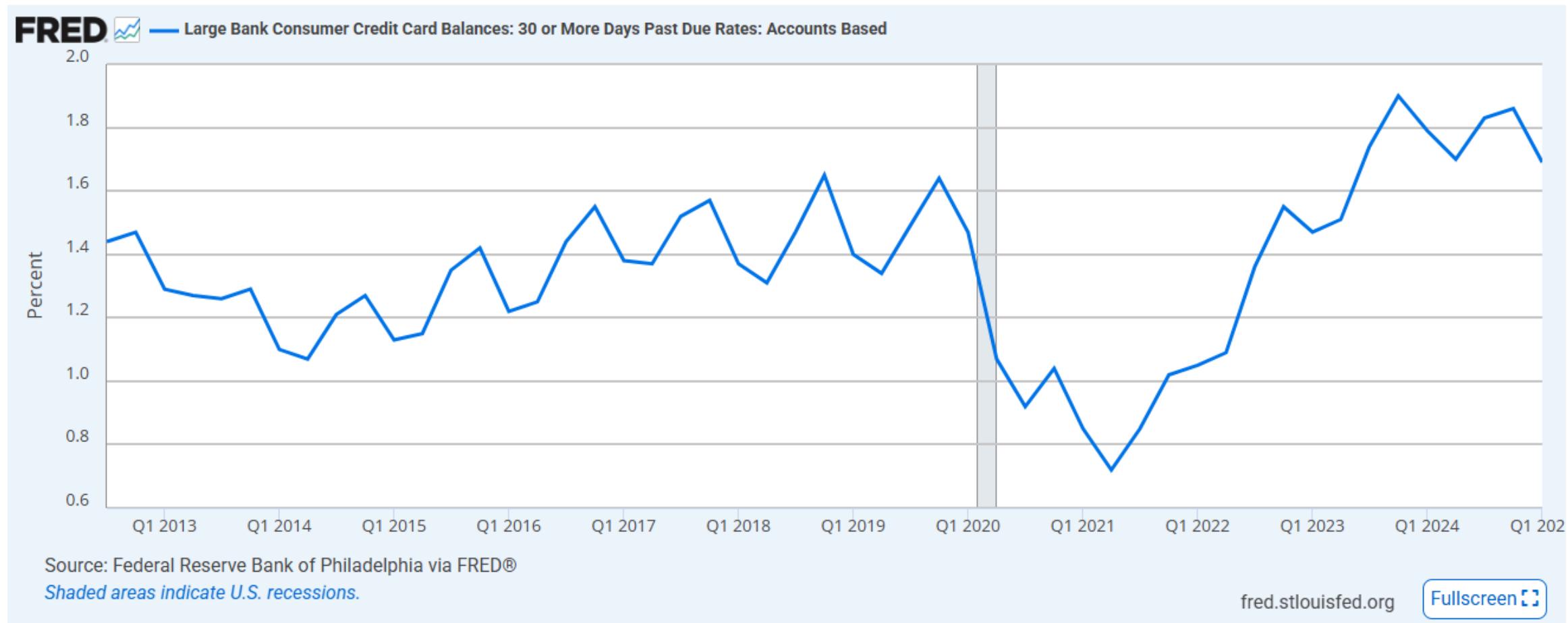
Most Important Factors for Choosing a Veterinarian – Visit Veterinarian Several Times per Year



You're Not The Problem but it is Your Problem



You're Not The Problem but it is Your Problem



What Can We Do To Help Our Clients?

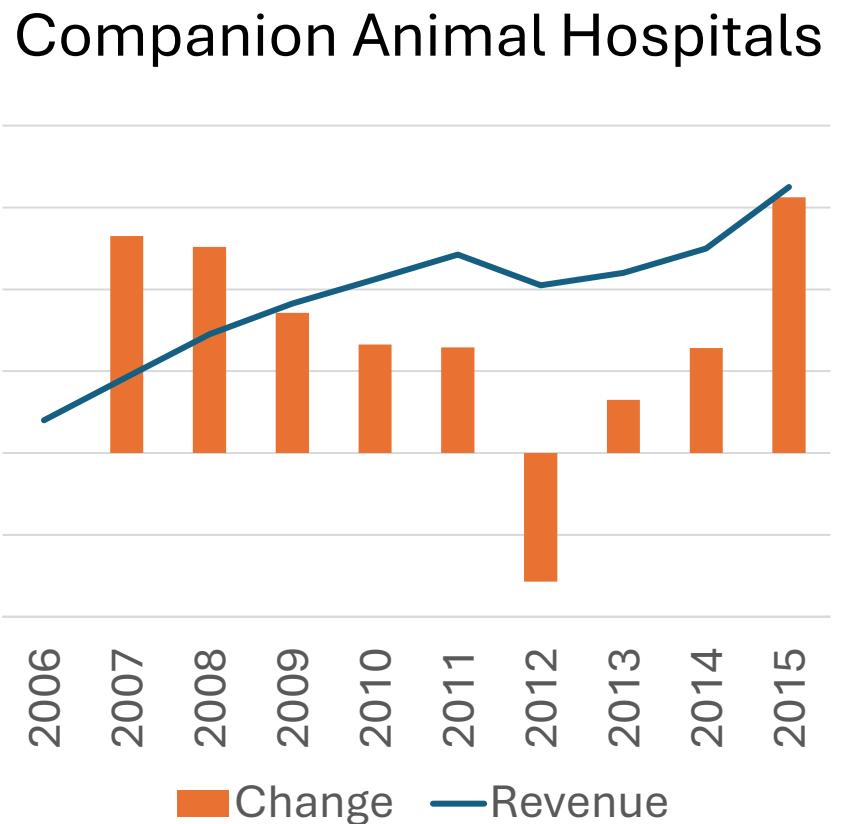
- They want to bring in their pet
- They are struggling to pay for gas and groceries
- They have very little available on their credit card

- Payment plans – wellness plans
- Assistance getting more credit

What Could Happen To Your Hospital in a Recession

- Fewer pet owners go to the veterinarian
 - Intention to purchase affected by
 - Layoff
 - Potential job loss
 - Wage cut
 - Lower disposable income
 - Inflation
 - Declining stock market

Companion Animal Hospital Revenue During a Recession



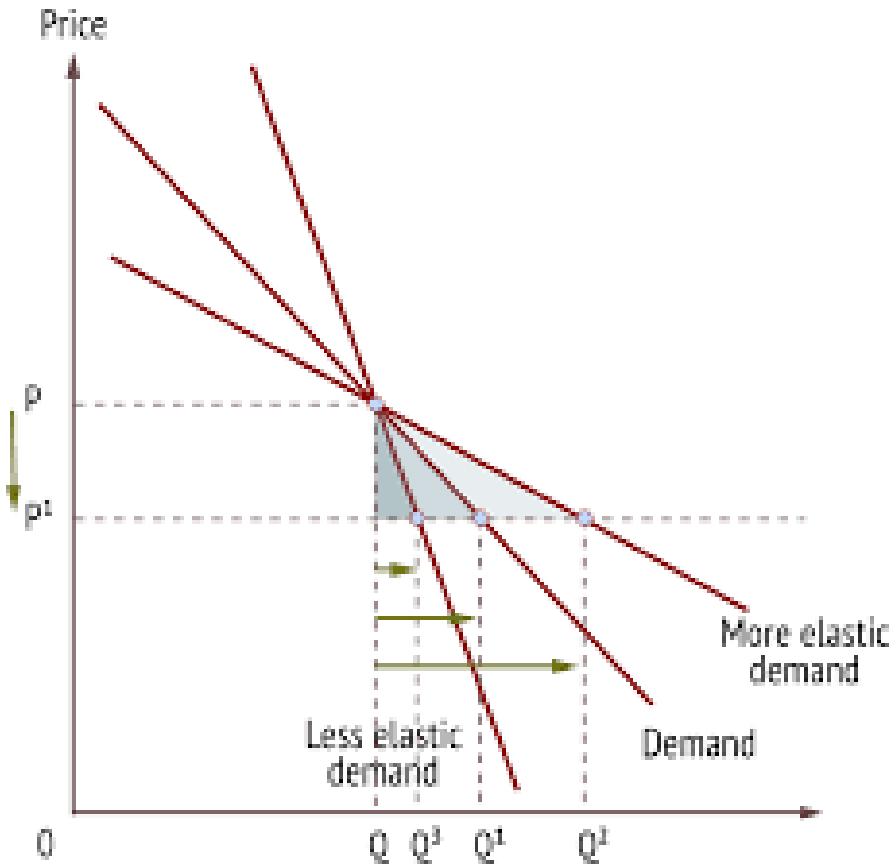
Response to Financial Crisis

- Three-year lag
 - Financial Crisis 2009
 - Drop in Revenue 2012
- Three years to recover
 - Drop in 2012
 - Revenue rebound 2015

What Will Happen to Your Bottom Line

- Average Practice has 10% profit
- If you do nothing...
- Decline of 5% Profit down to 6.8%
- Decline of 10% Profit down to 3.4%
- Decline of 15% Profit down to zero

Elasticity of Demand

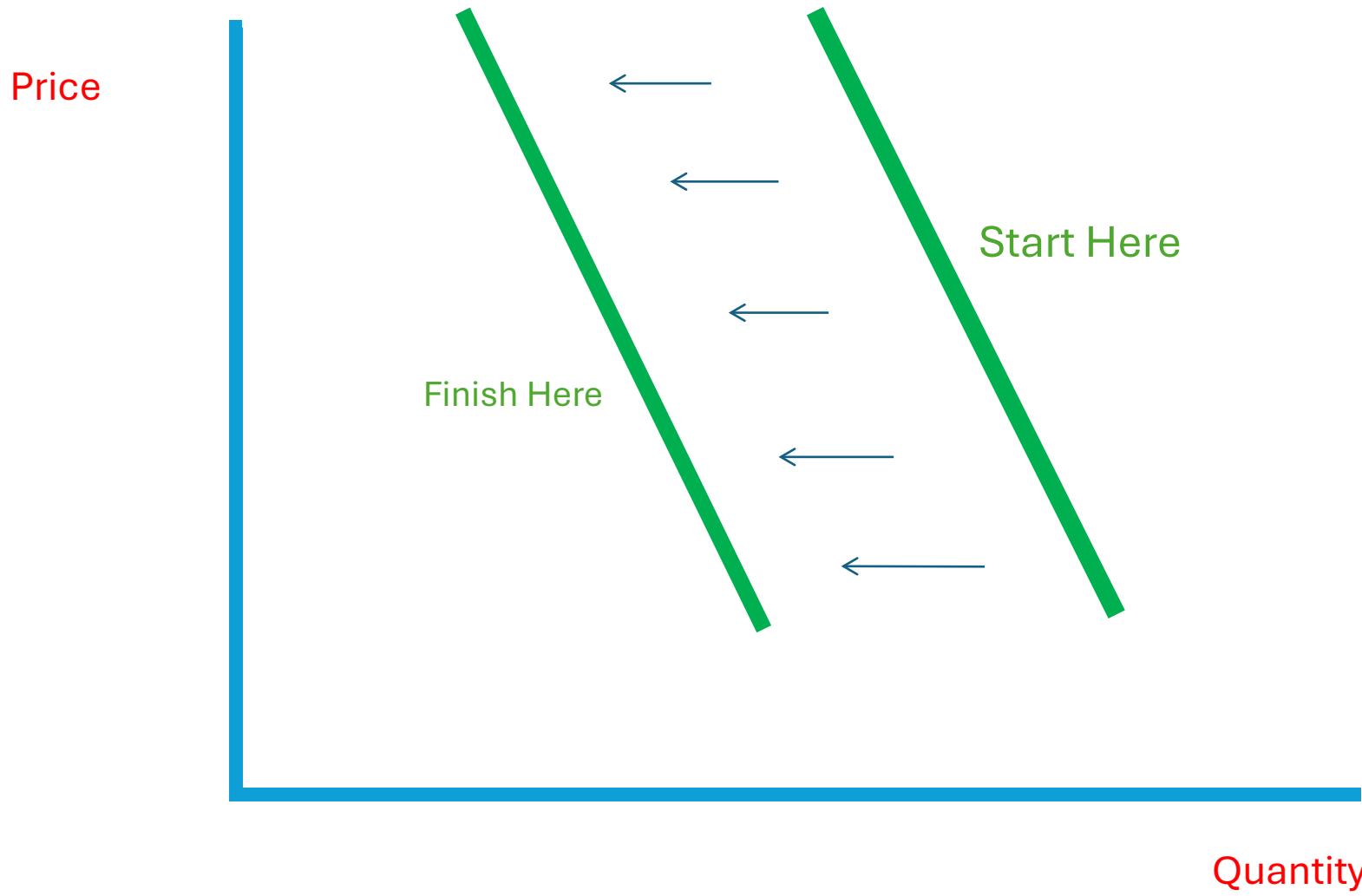


- Reaction to change in price:
- Elastic
- Restaurants, luxury goods, soft drinks
- Q2 – Severe
 - Earn more revenue by lowering price
 - Walmart
- Inelastic
- Butter, booze, veterinary medicine
- Q3 – Slight
 - Earn less revenue by lowering price
 - Earn more raising price
 - Apple

Elasticity of Veterinary Medicine

- Veterinary Medicine is Inelastic
 - Necessity
 - Affordable
 - Client's don't change behaviour (much) when price goes up
 - When price goes up – revenue increases
 - When price goes down – revenue decreases

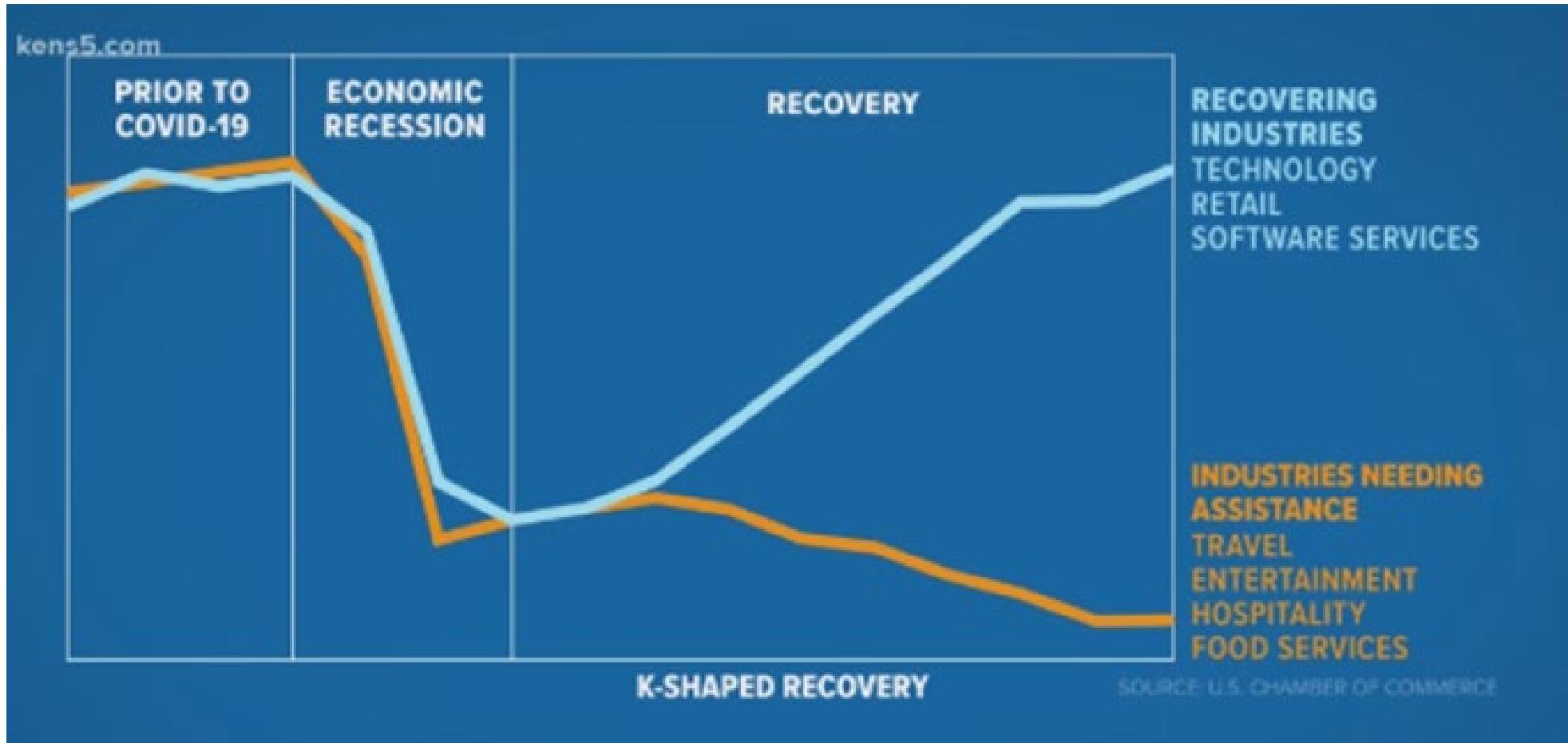
Recessionary Shift in Demand



Shifting Demand Curve

- Temporary
- Caused by forces outside of veterinary medicine
 - People still on the demand curve are still going to their veterinarian
 - People affected by the recession are not going to their veterinarian – not on the demand curve anymore
- How do you get them back on the demand curve?

K-Shaped Recovery



Can You Shift Your Demand Curve?

- Increase compliance with existing clients
 - Preventive Care
 - Diagnostics
 - Parasite Medication
 - Dentistry
- *No customer ever asked for the electric light, the pneumatic tire, the VCR, or the CD. All customer expectations are only what you and your competitor have led them to expect. They no nothing else. (Edwards Deming)*

Playing the Bottom of the “K”

Increasing Compliance

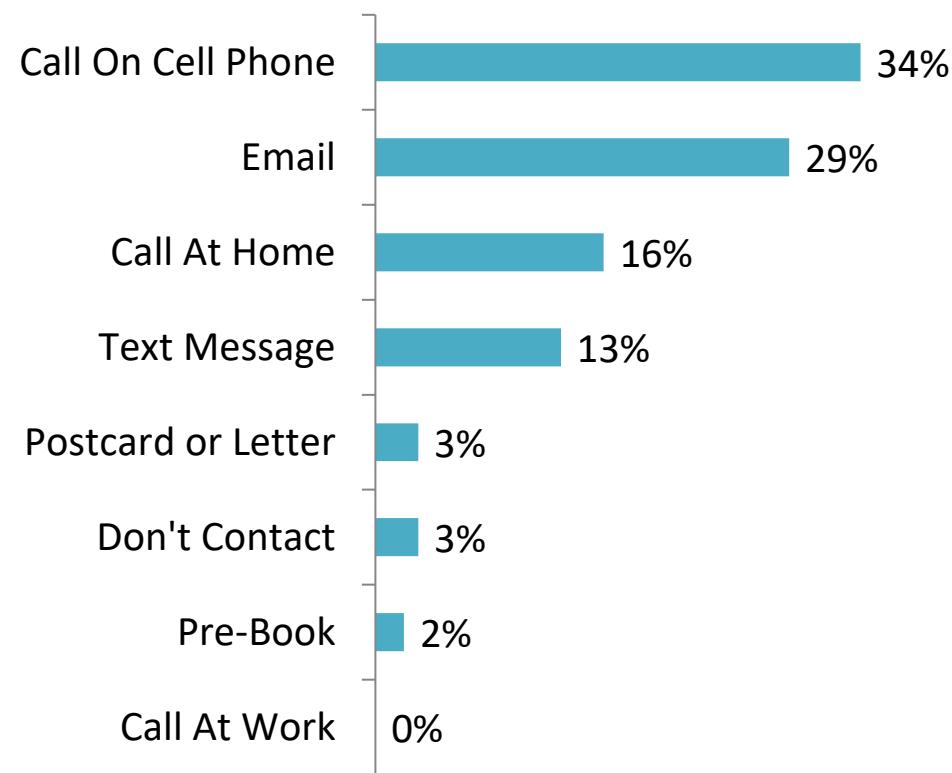
- How to convince your clients to come back
- How get your clients to come back on their own
- How to increase your chances of clients coming back next year

Work Harder Not Smarter

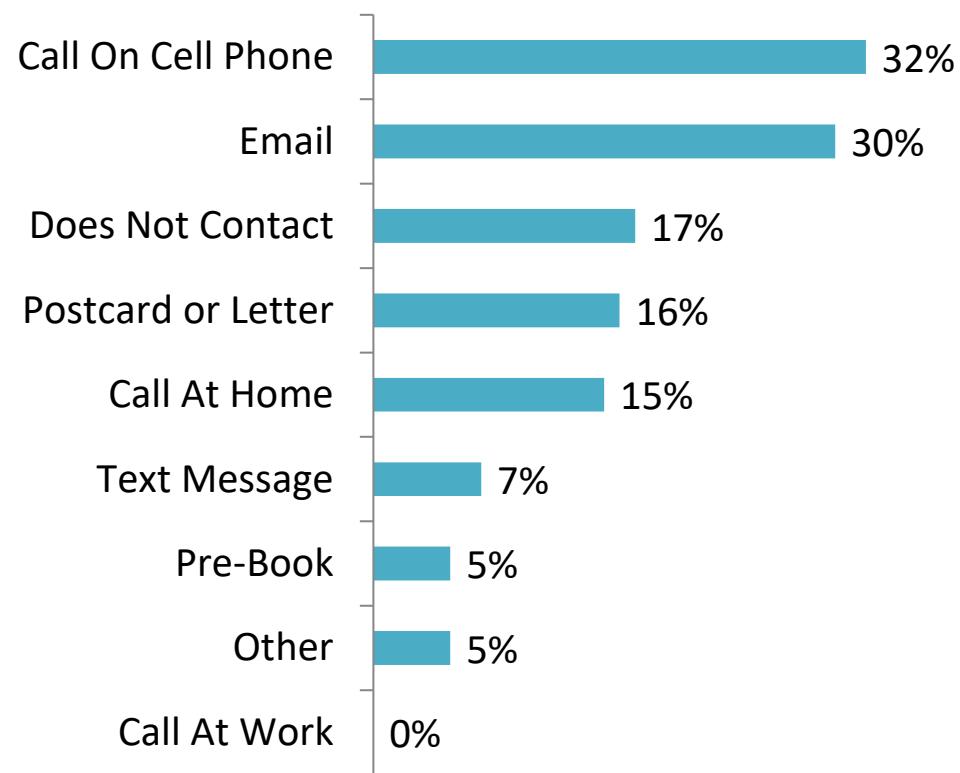
- During the pandemic, many practices got smarter
 - Shifted to automatic schedulers and client contact apps
 - 3 strike protocol
 - Lapsed clients meant a welcome break
- No response within three attempts – ignored

Servicing Client Wants

Preferred Method of Contact



Current Method of Contact



Start Calling Lapsed Clients

- Clients who were expected but did not show up in June / July / August
- The smart way did not work so try the hard way
 - “Hi Darren, this is Heidi from veterinary hospital. Finchie is due for her annual examination and vaccines. I can see here that we usually see you Saturday at 2:00 pm - I can hold a spot for you next Saturday at 2:00. Please email or call us to confirm and if Saturday is a problem, we can put you in a day that suits you better.”
 - “Hi Darren, it’s Heidi from the veterinary hospital. I am calling to book Finchie in for her annual visit. Please give me a call or you can book Finchie’s appointment right on our website.”

And Keep Calling Lapsed Clients

- Reasons to Keep Trying
 - May not be using the best method for contacting clients
 - Clients have good intentions but too busy
 - Clients want to take care of their pet
 - Clients may not realize the importance of the visit
 - They never asked you to stop
 - You promised to contact them for their next appointment

Reasons to Stop Calling Clients

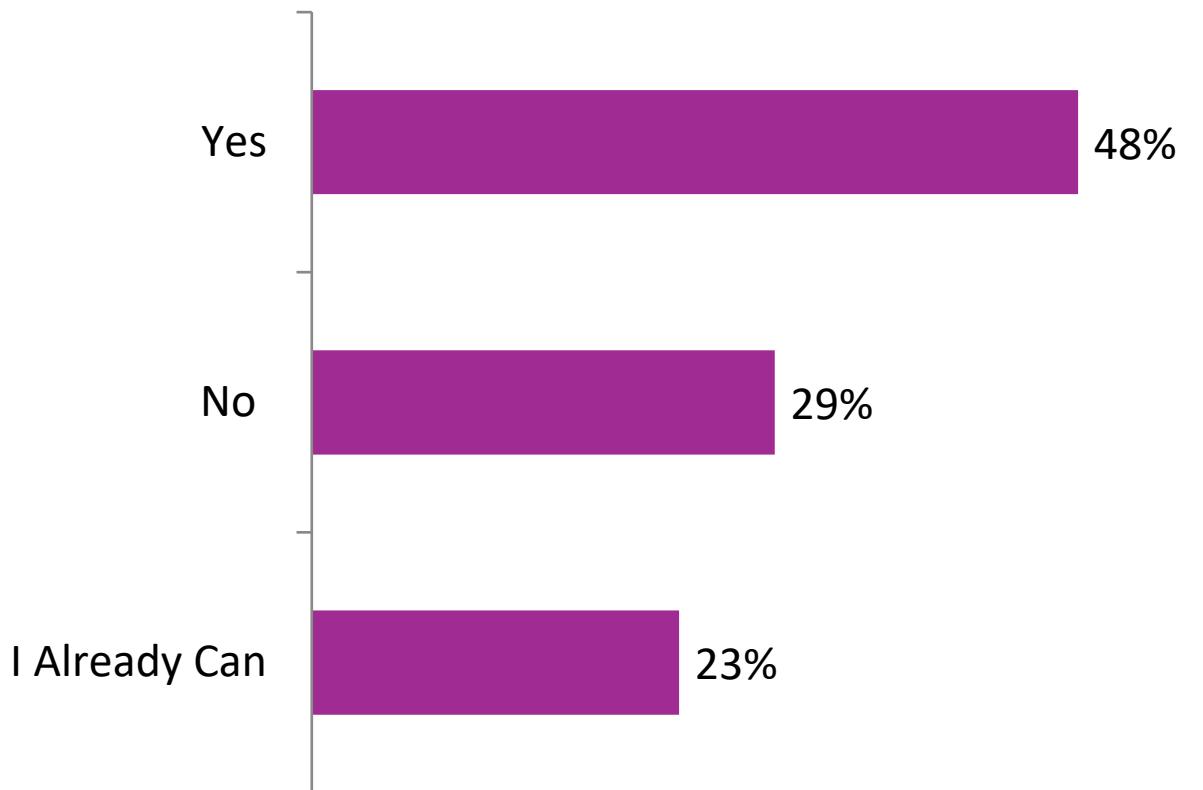
- Client says “stop”
- “Keep calling until you get 10 people to say “no.”

- Hospitals that stop calling clients have ~60% parasite compliance
- Hospitals that don’t stop calling have 85% parasite compliance

Best Practices to Get Clients to Contact You

Does Your Website Allow
for Automatic Prebooking?

**Would you book online with
your veterinary hospital?**



Getting Back to Forward Booking

- Emotional Motivation
 - Prebooking / Forward booking
 - Specific appointment stronger message than offhanded comment
 - Signals importance of next appointment
 - Importance of next appointment lost with curbside
 - Some hospitals have not prebooked since last March
- Three rules for successful prebooking
 - Don't ask. Tell them they have an appointment next year
 - Assume they are available same time and same day of the week
 - No one leaves without an appointment



Pre-Booking Success Story

- Busy City Practice mid-way though very busy March
 - “Busiest March ever.”
- Head tech – *I need to talk you privately...
I just realized we have a glitch with
our computer and March reminders did not
go out.”*
- Didn’t matter because “all” clients were pre-booked and came in because their phone told them they had an appointment.

Gorilla Pre-booking

- Client will book same day and time as last year
 - Darren Osborne – 1stth Saturday in April
 - *Darren, we are confirming your appointment Saturday, April 5th*
 - *I don't remember booking that*
 - *Last year you came in to see us on the First Saturday of April so we booked you in on the Saturday, April 5th this year.*
 - *OK*

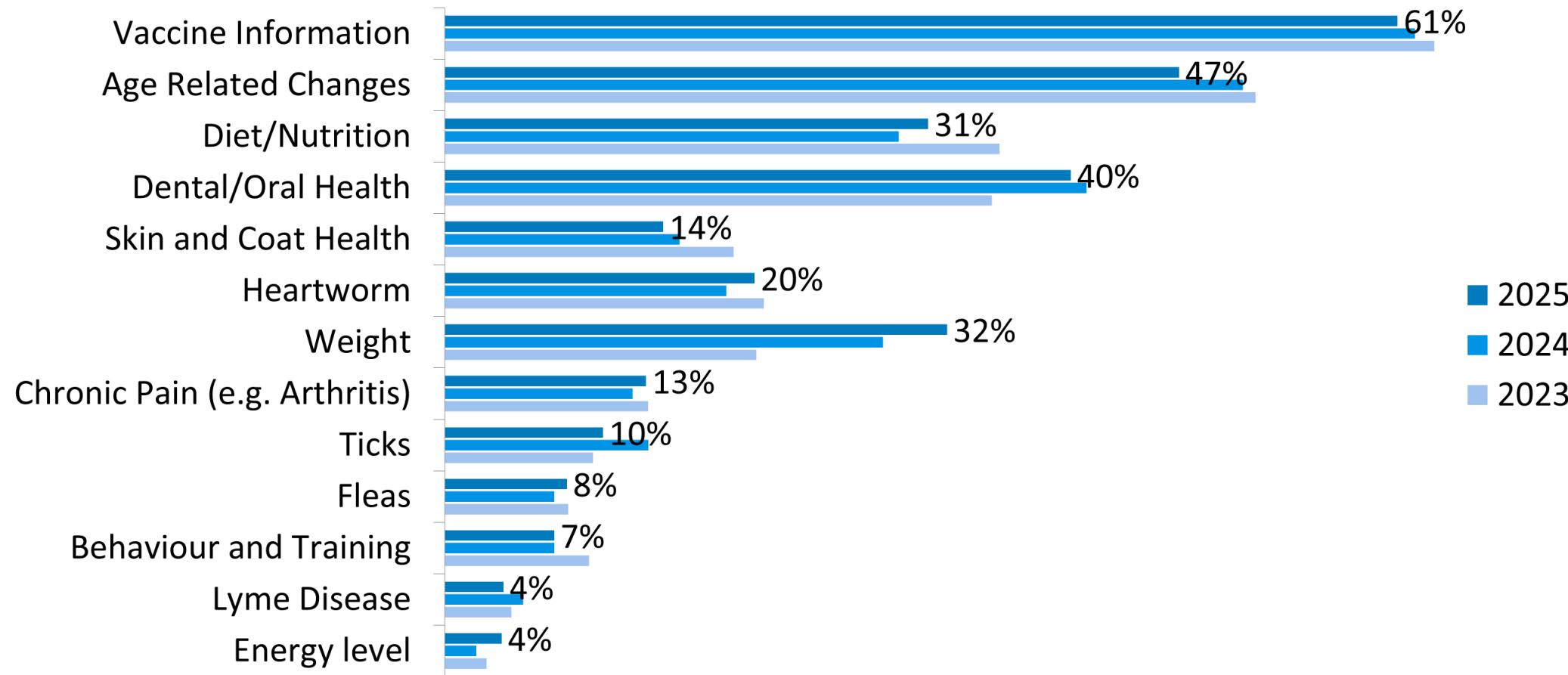
Playing the Top of the “K”

Raise your fees

- “I bought a practice during the recession and lowered my fees to try to get clients coming back. It did not work.”
- “I raised my vaccine fees in the middle of a recession and no-one noticed.”

Best Practices in Marketing Dentistry

Most Important Discussion Topics



Marketing Dentistry

- Cosmetic Dentists
 - Car wash vs mechanic
- Staging Dentistry vs Tiered Dental Pricing
- Everyone Gets an Estimate
- Prebooking Annual Dentals

Pricing Dentistry

- Staging Dentistry
- Stage one – cleaning
- Stage two – oral surgery
- Three Tiers
- Tier one – cleaning / no extractions
- Tier two – including 1 or 2 (incisor or premolar)
- Tier three – multiple extractions or carnassial canine teeth

No Pet Gets Left Behind

- Every client leaves with a dental estimate
 - This suggests dentistry is a necessary component of pet health
- Prebook the next dental cleaning after this dental cleaning
 - Offer discount for committing to next year
 - “If you book your next dental cleaning today, we can hold the price at today's rate.”