

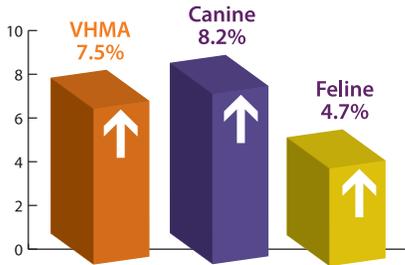
The Insider's Insight Benchmark Report is a publication provided by the Veterinary Hospital Managers Association (VHMA). The report tracks key economic indicators to determine how VHMA member practices are performing, as well as results from VHMA surveys on issues impacting the profession. There are about 600 VHMA member practices who contribute to the data for the key economic indicators. Data is representative of companion animal practices only.

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January, 2017 vs. January, 2016

Revenue Growth

January, 2017 compared to January, 2016

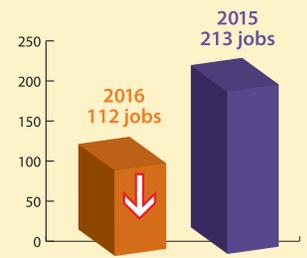


Revenue Growth

Companion animal practice revenue for the 622 VHMA practices included in this study showed strong growth from January, 2016 to January, 2017. Total growth was 7.5% with 8.2% growth in canine revenue and 4.7% in feline. There were the same number of workdays in both 2016 and 2017; however, unseasonably warm weather in many parts of the country may have driven some of this growth.

Job Openings Quarter 4, 2016 compared to Quarter 4, 2015

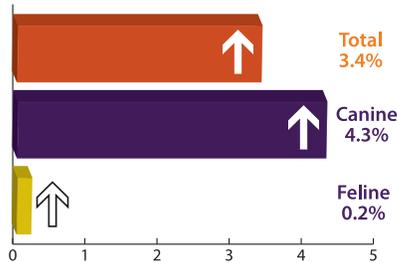
Manager Job Openings



A 47% decrease over the prior year.

Patient Visits

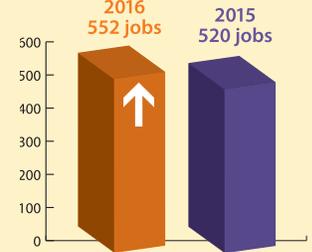
January, 2017 compared to January, 2016



Patient Visits

Total unique patient visits for the same period, January, 2017 compared to January, 2016 also grew by 3.4%. Canine visits showed strong growth at 4.3% but feline visits were essentially flat with a disappointing 0.2% growth. Again, the weather may have played a role in driving this growth. (Note that the term "visits" is defined as unique purchases of either products or services for an individual pet.)

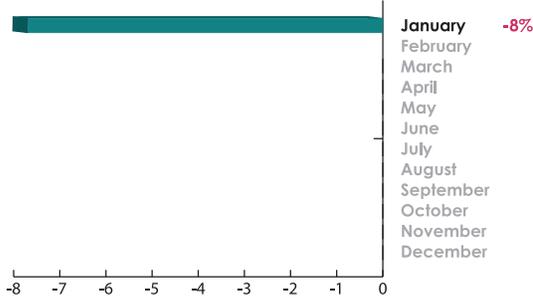
DVM Job Openings



A 6% increase over the prior year.

New Client Growth

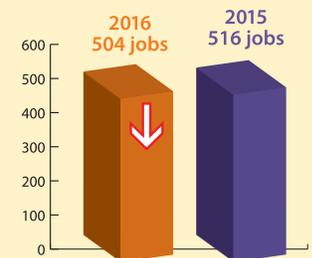
January, 2017 compared to January, 2016



New Client Growth

New client numbers in January, 2017 compared to January, 2016 declined by 8%. The total decline in 2016 was 6.9%; January, 2017's greater decline is a disappointing start to the year.

Technician Job Openings



A 2% decrease over the prior year.

Source: WANTED Analytics, a CEB Company 2016

Remember that the above figures represent averages across all the practices in the study; in order to understand what is going on in YOUR practice, you need to look not only at what your revenue growth was during these months (and going forward) but also at the drivers of growth in YOUR practice such as changes in invoices, visits, ATC, fee increases, new clients and client retention. This will give you the information to make intelligent decisions about where to focus your time and efforts to increase growth.

Are Practices Raising Fees?

The vast majority of the approximately 250 practices participating in this survey said yes to the question: **Have you or will you raise your professional service fees in 2017?**

Have you or will you raise your professional service fees in 2017?		
Answer Options	Response Percent	Response Count
No, we are leaving them as is.	8.9%	22
No, we are reducing some/all of them.	0.0%	0
We are increasing some fees and reducing others.	9.8%	24
Yes, we are increasing fees on non-shopped services only.	30.1%	74
Yes, we are increasing fees on shopped and non-shopped services.	47.2%	116
Other (please specify)	4.1%	10
Answered Question		246

Only a few practices said they were leaving their fees the same in 2017 (8.9%), this is almost the same as in 2016 (8.6%.) No practices, in either 2016 or 2017, said they were only reducing either some or all of their fees, although about 10% of the practices in 2017 said they were increasing some and reducing others. This is up from 5.6% in 2016. More practices in 2017 are raising fees on both shopped and non-shopped services compared to just raising the non-shopped prices.

The next question asked: **If you are increasing fees on shopped services, what is the average amount of the increase?**

If you are increasing fees on shopped services, what is the average amount of the increase?		
Answer Options	Response Percent	Response Count
1%	9.9%	14
2%	18.4%	26
3%	35.5%	50
4%	10.6%	15
5%	20.6%	29
6% or more	5.0%	7
Answered Question		141

About 26% of the practices responding said their fee increases for shopped services would be 5% or more in 2017; this is a little lower than the 30% reporting similar fee increases in 2016. In the 1-4% increase categories, however, the % increase for shopped services is inching up. More practices reported 3-4% increases and fewer reported 1-2% increases.

The next question asked: **If you are increasing fees on non-shopped services, what is the average amount of the increase?**

If you are increasing fees on non-shopped services, what is the average amount of the increase?		
Answer Options	Response Percent	Response Count
1-3%	39.5%	85
4-6%	48.4%	104
7-9%	8.4%	18
10% or more	3.7%	8
Answered Question		215

Not surprisingly, fee increases for non-shopped services are a little higher than for shopped services. About 36% of responding practices are raising shopped service fees by 4% or more but over 60% are raising non-shopped services by 4% or more. The percent of practices raising non-shopped

Are Practices Raising Fees? continued from pg. 2

services by 1-3% is similar to that in 2016 as is the % raising non-shopped fees by 4% of more.

The last question asked: ***Are clients in your practice more or less concerned about increases in the cost of veterinary care than they were a year ago?***

Are clients in your practice more or less concerned about increases in the cost of veterinary care than they were a year ago?

Answer Options	Response Percent	Response Count
More concerned	13.7%	33
Less concerned	6.2%	15
About the same	71.8%	173
I don't know	7.5%	18
Other (please specify)	0.8%	2
Answered Question		241

The vast majority of respondents said that clients' concerns about cost were largely unchanged from 2016. More practices, however, reported an increase in concern about cost than reported a decrease.

As noted with the fee increase survey in 2016, most practices are again feeling more comfortable with the economy and their clients' willingness to spend as evidenced by their level of fee increases. Practices should, of course, not use fee increases as the only way of improving profits. Revenue growth, expense control and increased efficiency are all equally important. And it's vital to remember that although the economy is doing well now, there is a great deal of volatility in the U.S. now and we are quite a bit past the average length of time between recessions. Leaner, meaner machines will survive difficult economic times much better than those that aren't!