

VETERINARY PRODUCT DISTRIBUTORS & MANUFACTURERS:

Executive Summary of a Survey on the Preferences and Opinions of
Purchasing Decision Makers in Veterinary Hospitals



VetMEDResearch
Largest Veterinarian Research Panel in the U.S.

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Who We Surveyed

On behalf of the American Veterinary Distributors Association (AVDA), the Wedewer Group surveyed 320 decision makers in U.S. veterinary hospitals who are part of VetMEDResearch, a research panel of U.S. veterinary professionals. An additional seven participants were recruited to the survey by AVDA members in order to boost the number of large/mixed/equine veterinarians participating.

To qualify for the survey, participants had to identify themselves as the decision maker or a primary decision maker about what companies they order products from for their practice. We excluded corporate practices (such as Banfield) and people who did not order from a distributor in the past year. The final data includes responses from 293 from small animal practices (85%) and 34 from large/mixed/equine practices (15%). Of those, 279 are veterinarians (85%) and 48 are office managers and veterinary technicians (15%) responsible for ordering. Sixty-one percent are women and 39 percent men.

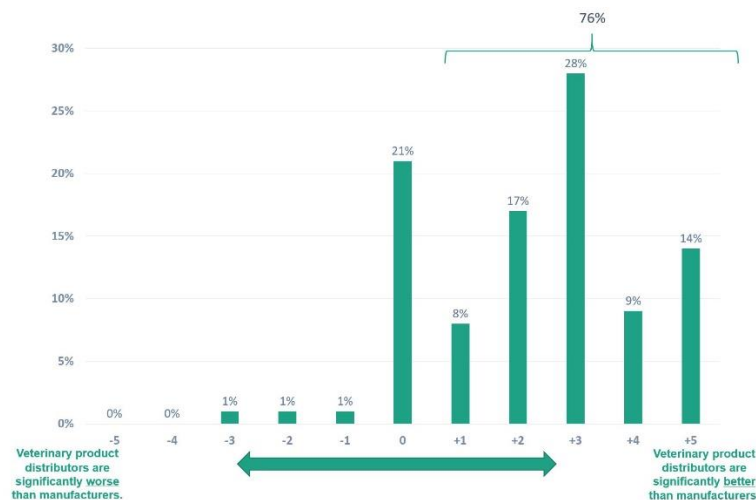
About a third of participants are in solo veterinary practices. Fifty-eight percent are in practices with two to five veterinarians. Six percent are in practices with six or more veterinarians. No reliable data is available for how this practice size distribution compares with all U.S. veterinary practices. The geographic representation closely matches the geographic reporting from the 2017 Barnes Reports U.S. Industry and Market Report of veterinary hospital locations.

The survey took approximately 15 minutes to complete. Participants were sent a \$10 Amazon gift card for their participation.

Decision Makers' Ordering Preferences

Decision makers clearly prefer to order from distributors rather than from manufacturers. In fact, seven out of ten decision makers prefer to order from distributors, having them handle the entire transaction, including billing and shipping. Only seven percent of decision makers prefer to order directly from manufacturers. The remainder prefer distributor agencies (7%) or have no preference (17%).

It is no surprise then that three out of four purchasing decision makers (76%) say veterinary product distributors are better than manufacturers.



Decision Makers' Ordering Practices

All decision makers who started the survey, including those who were otherwise disqualified or who did not complete the survey, have ordered from distributors in the past year. Most decision makers (92%) rely on more than one distributor to meet their hospitals' needs. **But they rely most heavily on one primary distributor, spending an average of 60 percent of their dollars in the past 12 months with that company.** They only spent an average of 16 percent of their total dollars with the secondary distributor. **Only 20 percent of dollars were spent directly with manufacturers.**

Distributors hold an extremely strong position over manufacturers when it comes to competing for veterinary hospital dollars. In almost every category, decision makers say they spend the most dollars with distributors, including:

- Pharmaceuticals – 94%
- Surgical supplies – 93%
- Dermatologicals – 92%
- Anti-infectives – 92%
- NSAIDs – 90%
- Human generics – 88%
- Nutraceuticals – 85%
- Biologicals – 77%
- Paraciticides – 76%
- Equipment – 68%
- Diagnostics – 52%

Decision makers say they spent the most dollars in the past 12 months through distributors' online ordering systems, followed by distributors' salespeople. There were only three exceptions: 1) equipment, with nearly half of decision makers saying they spent the most dollars with distributors' salespeople 2) pet food, with more than a third of decision makers saying they spend the most with manufacturers online and 3) cleaning supplies, with nearly half of decision makers saying they spend the most with sources other than distributors or manufacturers.

Where They Spent the Most Dollars					
<i>Percent of Decision Makers</i>					
	<u>Distributor – Salesperson</u>	<u>Distributor - Online</u>	<u>Manufacturer - Salesperson</u>	<u>Manufacturer - Online</u>	<u>Other</u>
Pharmaceuticals	39%	55%	2%	3%	<1%
Anti-infectives	37%	55%	4%	3%	1%
Dermatologicals	37%	55%	4%	3%	2%
NSAIDs	36%	54%	6%	4%	<1%
Human generics	34%	54%	1%	2%	8%
Surgical Supplies	42%	51%	3%	3%	2%
Nutraceuticals	36%	49%	5%	7%	4%
Parasiticides	29%	47%	15%	7%	2%
Biologicals	33%	44%	10%	10%	2%
Cleaning Supplies	14%	34%	3%	4%	45%
Diagnostic	21%	31%	22%	22%	4%
Pet Food	14%	29%	16%	35%	6%
Equipment	47%	21%	18%	6%	8%

Why Decision Makers Prefer Distributors

By far the biggest reason decision makers prefer to order from distributors is that it makes their lives easier. Sixty-two percent of decision makers cited “ease of ordering” in their top three reasons for choosing distributors. Other top reasons included prompt delivery (43%), price (24%), relationship with the salesperson (20%), overall relationship with and support of the company (20%) and no or low minimum purchase (20%).

In open-ended comments about why they preferred distributors, participants cited specific benefits rather than the features tested, including consolidated ordering, tracking, inventory and billing, better use of the hospital managers’ time and the time saved from having to meet with multiple manufacturer sales reps.

BENEFITS OF USING DISTRIBUTORS

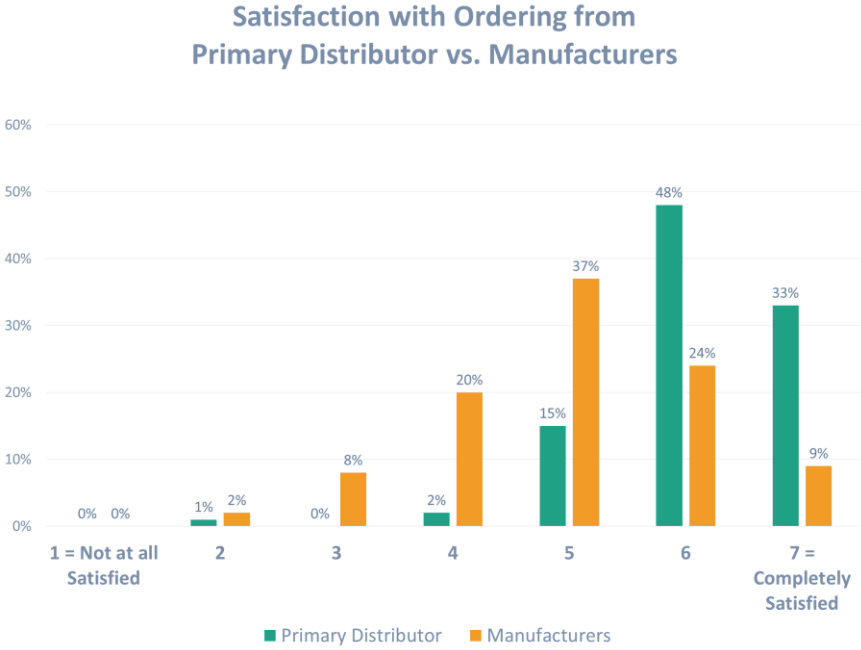
Summary of Participants’ Comments

Features Factual statements about the product	Benefits to the Veterinary Hospital Provide something of value to the customer. Answers the question “What’s in it for me?”
Ease of Ordering/Single Source for Ordering	<ul style="list-style-type: none"> • Consolidated ordering, tracking, inventory and billing • Better use of hospital managers’ time • Don’t have to meet with multiple sales reps from different manufacturers
Larger Selection and Products from Multiple Manufacturers	<ul style="list-style-type: none"> • Can easily compare prices and product features
See Distributor Reps More Often	<ul style="list-style-type: none"> • Better, deeper relationship • Sales rep has a better understanding of the needs of the practice • Decision makers can learn about what is going on in the industry
Distributor Doesn’t Care Whose Product Your Purchase	<ul style="list-style-type: none"> • More objective advice about particular products without the sales pressure
Prompt Delivery, Order Accuracy, Low/No Minimum Purchase, Return Policy, Availability of Merchandise	<ul style="list-style-type: none"> • Fewer hassles and headaches, so they can focus on running the veterinary hospital

When it comes to choosing one distributor over another, the top considerations were ease of ordering, price, accuracy of order fulfillment and availability of merchandise.

Decision makers’ satisfaction with their distributors experience is probably another reason they prefer to order from them. They are significantly more satisfied with their primary distributor than with

manufacturers. **Eighty-one percent of decision makers are satisfied with ordering from distributors, while only 33 percent are as happy ordering directly from manufacturers.**



Decision makers’ primary distributor out-performed manufacturers on every item tested (top two box on a 5-point scale where 1 = very weak to 5 = very strong).

- Ease of ordering – 97% versus 55%
- Speed of product shipment – 96% versus 52%
- Ease of payment – 92% versus 65%
- Having the product I want – 89% versus 67%
- Ease of returns – 77% versus 44%
- Sales representatives – 77% versus 56%
- Non-product-related support/services/business solutions – 59% versus 42%

Sales Representatives

Within the past 12 months, decision makers met significantly more often with distributors’ sales representatives than with manufacturers’ sales representatives. Fifty-five percent of decision makers met with distributors’ sales representatives six or more times. Only 42 percent of them met with manufacturers’ sales representatives as much.

Decision makers were more likely to meet with distributors sales representatives because they understand the unique goals and needs of the practice and they like the salesperson. They are more likely to meet with a manufacturer’s sales representative to learn about a specific new product they have heard about, to ask specific questions about a product they currently use and because the sales rep is giving out free product samples.

	Reasons for Meeting with a Distributors Sales Representative	Reasons for Meeting with a Manufacturers' Sales Representative
The sales rep understands unique goals and needs of your practice	82%	72%
You like the salesperson	81%	75%
You want to learn more about a specific new product you have heard about	79%	92%
The sales rep may have items of informational value	76%	79%
You have specific questions about a product you currently use	74%	87%
The sales rep may have useful information to share about the industry that help you	67%	67%
There is a promotional offer/special pricing	56%	57%
The sales rep is giving out free product samples	39%	46%
The sales rep may have items such as pens, notepads, caps or similar	19%	21%

Distributors' sales representatives were rated higher than manufacturers' sales representatives in understanding the unique needs of the practice (89% versus 79% good or excellent), availability when needed (91% versus 78%), ability to resolve problems (95% versus 83%) and understanding the profession and industry (96% versus 92%).