

EDITION 2.1

THE THREAT OF WALMART

Evaluating the impact of Walmart's veterinary services

Dig deep into the details to quantify the risk to your practice, identify clients who may be Early Adopters and implement the specific loyalty-boosting strategies that offer the biggest business protection.



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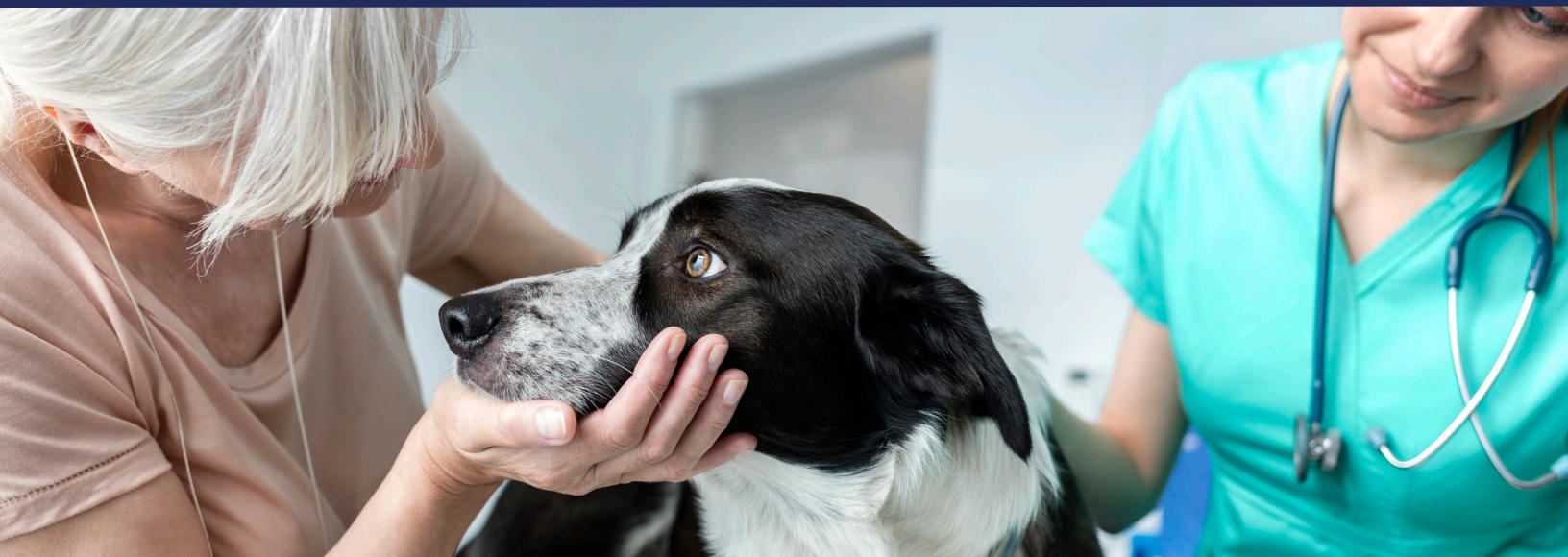


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Assessing the Threat

You may have seen the news: Walmart locations are your new competitor for pet health services. They tested in-store veterinary practices under the name “VetIQ, Smarter Pet Health,” and given the positive response, in 2019 they started a 12-month effort to roll out about 100 veterinary practices in Walmart stores. Great, huh? A powerhouse brand with locations down the street from virtually every pet owner in the country and a marketing machine that never stops. Just what you need.

In this exclusive Diggo Brief, we dig into this new potential threat to learn how much appeal veterinary services at mass merchants will have with pet owners—and to identify key steps that your practice could and should take today to protect your client relationships and position yourself for a more crowded marketplace today and in the future.

Walmart’s rollout plan started with nine new clinics in the Dallas-Fort Worth area in late May 2019 and June 2019. The roadmap calls for 100 veterinary clinics in Walmart locations by May 2020 that will be operated by partner veterinary providers VetIQ Petcare and Essentials PetCare. (Incidentally PetIQ, owner of the VetIQ Petcare Wellness Center clinics, said it plans to open more than 1,000 additional veterinary services clinics in retail-partner locations through 2023.) Walmart marketing efforts say the clinics will offer affordable, high quality and convenient services, saving customers as much as 40 to 60 percent on vaccines and minor illness packages and exams.

At the same time, Walmart expanded their pet product offerings online, adding more than 100 new brands, including Blue Buffalo, Greenies and Hill’s Science Diet. And the behemoth brand added an online pet prescription service, [WalmartPetRx.com](https://www.walmart.com/petrx). The service offers low-cost pet prescriptions for dogs, cats, horses and livestock to address parasite prevention, allergies, arthritis and more. Finally, they stocked their 4,500+ pharmacies with the top 30 most requested pet medications, so customers can get common pet prescriptions in-store immediately.

As a long-time pet product provider, Walmart is obviously aware of and participating in the lucrative pet retail market. Sixty-eight percent of US households own a pet, and pet spending doubled between 2005 and 2018 to reach more than \$72 billion, according to the American Pet Products Association (APPA). In 2019, the APPA estimates that US pet owners will spend \$31.68 billion on food, \$18.98 billion on veterinary care and \$16.44 billion on supplies and medications.

What’s driving the growth? Pets are considered part of the family in 7 out of 10 of pet owning households. And there’s evidence that Millennials, in particular, are fueling



Background

Trone Research + Consulting (TR+C), the brains behind Diggo, curates and creates marketing research in the animal health and pet care industry—and has for nearly two decades. We’re passionate about pets and the people who care for them. And we’re infinitely curious about uncovering truths. Through the years, we have identified a consistent challenge for veterinarians—there’s a gap between pet owners’ beliefs and behaviors and what veterinarians believe to be true.

The value an ongoing Diggo subscription offers is three-fold:

- You get exclusive research data about pet owners and what they want that isn’t available anywhere else—giving you a competitive advantage in the marketplace.
- We translate the research data into action steps, helping you challenge your team’s assumptions, identify new areas of opportunity and tune your business.
- You pay for your full-year subscription by implementing just one idea each year that attracts one client or keeps one client from leaving.

Each Diggo Brief topic is selected with valuable input from hundreds of veterinarians. Have questions about your clients? Let us know. You could inspire our next brief.

new opportunities. They're slower to start families, which leads some to pamper a pet as their "first born." And as consumers, there's plenty of evidence that Millennials come with different behaviors and expectations.

The bottom line: All kinds of organizations—including mass market outlets—see potential in pet care. They're looking at new models and looking for a different way to get an edge. And they're getting into the game by launching businesses, adding or expanding pet product lines, introducing their own brands and customizing their products or marketing to appeal to pet owners.

Walmart, in particular, has expanded in other similar service areas, including pharmacies at every Walmart location and health clinics in Georgia, South Carolina and Texas locations. And they've seen pet specialty retailers enter the veterinary health space successfully. Banfield has been operating inside PetSmart since the second Banfield location opened in a PetSmart in 1994. Today there are more than 1,000 Banfield locations. In May 2017, Thrive veterinary clinics announced a partnership with Petco and they have 90 locations open or coming soon.

Given this picture, it's not surprising that Walmart sees opportunity.

Here's the general concept:

Walmart stores are now including veterinary pet health clinics inside their buildings. The clinics are run by one of two outside companies: Essentials PetCare or VetIQ Petcare. The hours and days of operation vary, so when we described the concept to pet owners in the survey we conducted we used a reasonable compilation and said the hours were 10 am to 7 pm Monday through Friday, and 12 pm to 4 pm Saturday and Sunday. We explained that Walmart-based practices would offer set pricing for basic veterinary services like exams and vaccinations and for minor illnesses like ear infections and GI upset, and they refer patients to nearby animal hospitals for advanced services and emergencies. (You can see the full list of services we showed pet owners responding to the survey in Figure 3 on page 5.)

Is this new model a threat to traditional practices? **Short answer: Yes.**

And this market disruption is just beginning, so the pressure will only grow.

Walmart is one of a number of mass market outlets signaling this move, and there are likely to be more who have not made public announcements yet.

Objectives

It's critical for practicing veterinarians to understand the implications of mass merchants increasingly entering the veterinary services market. Using Walmart as a specific nationwide example, this research explores pet owners' attitudes toward and likelihood of using veterinary services provided at mass merchant locations.

Specific deep dive topics include:

- Pet owners' current use of Walmart, including pet product purchases and use of other Walmart-based services. (Spoiler alert: Veterinarians and pet owners don't see Walmart the same way—***so the risk is greater than you think.***)
- What makes pet owners who are likely to use Walmart-based veterinary services different from other pet owners, and how can you identify the at-risk clients in your practice? (Yep, we have answers.)
- What more traditional veterinary practices can do to mitigate the risk and keep and attract more clients. (Loyalty is where it's at. And we've got the data to show what you can do to get more.)

NOTE: This research is conducted by an independent research firm and is not sponsored by any manufacturer, retailer or service provider.



Challenge Your Assumptions

As you review this brief, it may be easy to tell yourself that you're already addressing one or more of the suggestions. And if you truly are implementing the action steps throughout, then congratulations! But before you give yourself a pat on the back, we recommend you do these two things:

- 1.** Make a list of the specific steps you are currently taking within each action plan. Is there room for improvement?
- 2.** Ask your staff what they perceive is being done well versus what you believe is working. Do your team members see things differently?

There's a Walmart in Your Neighborhood

In fact, there's a Walmart in virtually every neighborhood. More than 75 percent of pet owners live within 10 miles of a Walmart Supercenter—and 81 percent of veterinary clinics are also inside that 10 mile circle. (Walmart press releases report that 90 percent of the US population lives within 10 miles of a Walmart location.)

And, of course, people shop there. Nine in 10 pet owners say they visited Walmart in the past 12 months, and half shop at Walmart at least twice a month. Groceries are the top shopped category, with almost 80 percent of pet owners buying food there. But pet products come in at category No. 2, outpacing health and beauty products, home products, clothing and electronics, among others. And the younger the pet owner, the more likely they're buying furry necessities at the retail giant. All that to say, Walmart is already a place pet owners regularly go for pet products. And their shoppers are loyal. When we asked whether they'd go somewhere else if they had similar options, only 11 percent of shoppers say they'd jump ship, whereas 63 percent say they would likely stay with Walmart. (The last 26 percent say they aren't sure what they'd do.)

What are they buying?

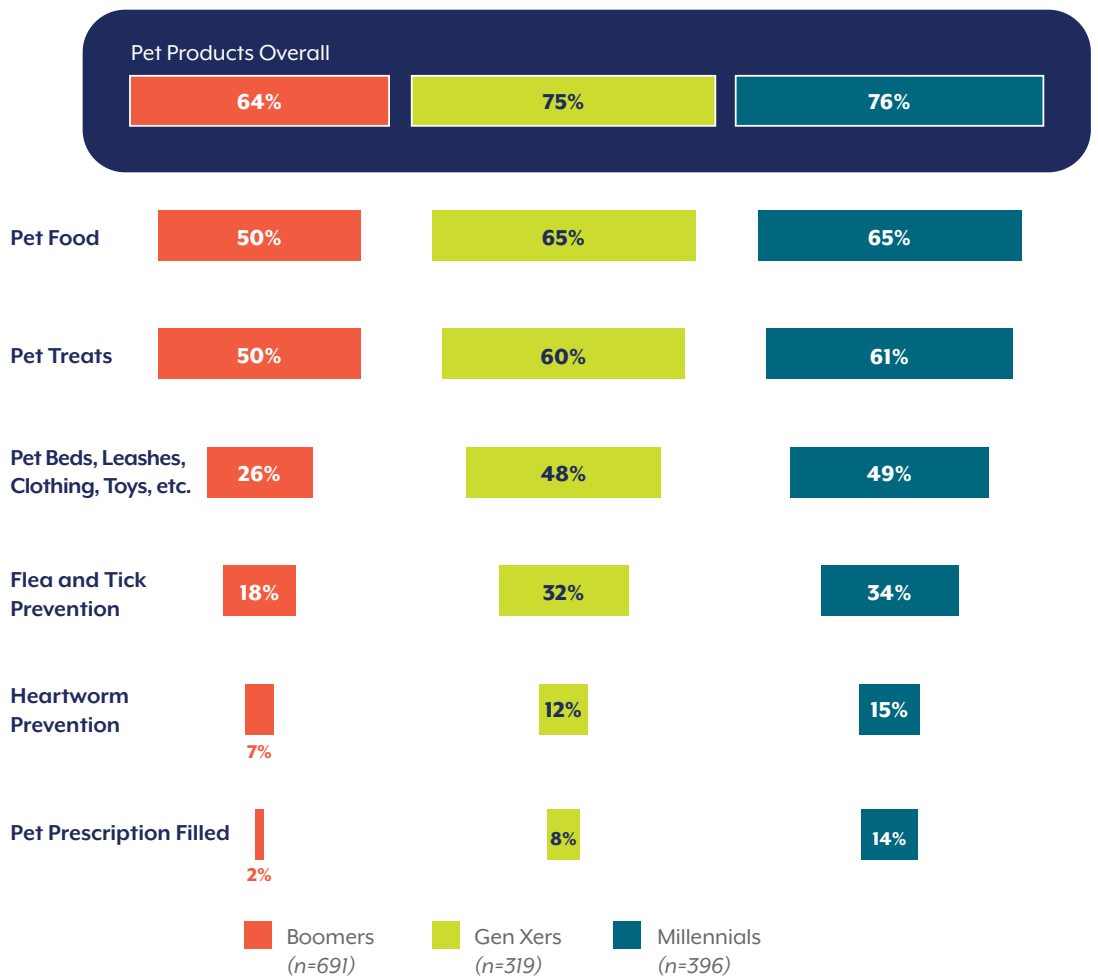
Across the board, Millennials and Gen X buy more pet products at Walmart compared with Boomers. Pet food and treats top the list, but one-third of Millennials and Gen X also purchase flea and tick prevention, and 14 percent of Millennials say they have pet prescriptions filled. (See Figure 1.)

Bring on the duck jerky!

Food and treats top the list for pet owners who purchased pet products at a Walmart Supercenter in the past 12 months. But you can see younger pet owners are more likely to buy parasite control products and to fill pet prescriptions at Walmart. And even among the most conservative Boomers, 64 percent buy some kind of pet product at Walmart.

Figure 1

Purchased Pet Products at Walmart Supercenter in Past Year*



Source (Figure 1): Exclusive data from Trone Research + Consulting, 2019

*At Trone Research + Consulting we care deeply about data. Our staff of PhD statisticians comb through the results of our research, helping us identify the most meaningful facts and maximizing the accuracy of the statements we make. It's those thoughtful folks who insist that we indicate the total number of people who answered each question in a specific way. You'll see that noted as "n=" So in the table above, 396 Millennial pet owners answered the question. Want to know more? You'll find the full methodology explained here [INSERT LINK TO METHODOLOGY SECTION].

Yeah, but services are different. Right?

Well, maybe not. Walmart does offer other types of services. And almost 60 percent of pet owners use these options. We hate to say it, but if generational behavior holds, the trend will grow. Millennials are the most likely today to use Walmart services, with 64 percent using in-store options, followed by Gen X (62%) and Boomers (49%). (See Figure 2 to see which services get bought most often.)

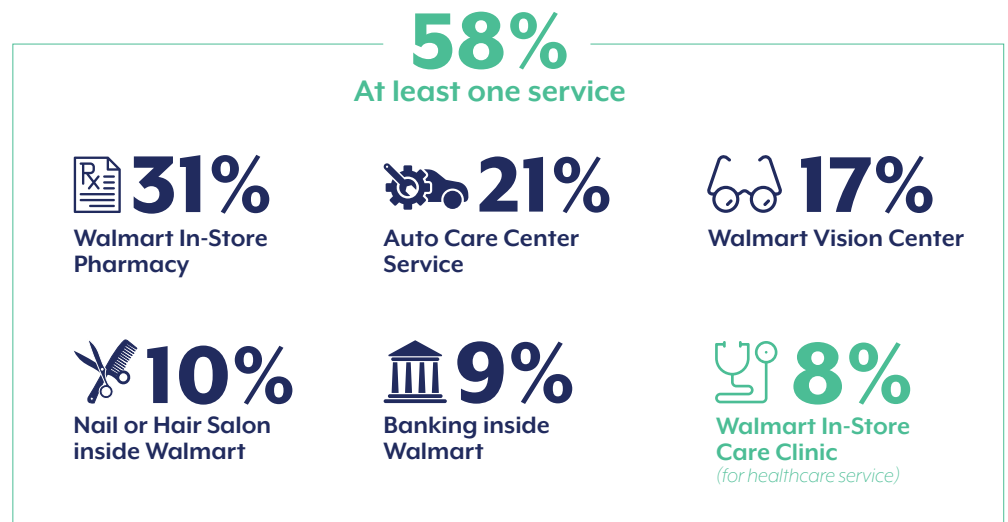
Pick up your Simvastatin or Lisinopril AND get your tires rotated

Almost 60 percent of pet owners purchased at least one service at Walmart in the past 12 months, with the pharmacy topping the “most used” list. Healthcare clinics are currently offered in Walmart locations in only three states. Together those states represent about 15 percent of the US population, and 8 percent of pet owners responding to the survey used Walmart for their own healthcare services. That’s an interesting indicator of what pet owners might choose for their pets, especially given that Walmart veterinary clinics will be much more widely available.



Figure 2

Purchased Services at Walmart Supercenter in Past Year (n=1518)



Source (Figure 2): Exclusive data from Trone Research + Consulting, 2019

The risk is real

We're trying to break it to you gently, but **Walmart is going to be a strong competitor in the veterinary health market. Bigger than you think.**

We went straight to pet owners and asked them which, if any, services they would consider obtaining from Walmart if their local Supercenter offered a veterinary clinic. Then we asked veterinarians which services they thought pet owners would consider from Walmart. The differences are striking.

In fact, 73 percent of pet owners would consider Walmart for at least one of the services listed to the right. And it's not just nail trims—although almost half of pet owners would consider a Walmart-based practice for that. A significant number of pet owners would also choose Walmart for medical services like wellness exams, rabies vaccines and ear infections. (See Figure 3.)

3 in 4 pet owners will consider Walmart for veterinary service

Figure 3

More pet owners like this idea than you think

Harsh reality: Veterinarians are clearly underestimating the number of pet owners who would consider using veterinary services at Walmart. Here's a look at the gaps between the percent of pet owners who say they'd consider each of these services and veterinarians' estimates. (This is the full list of services we asked pet owners to consider in the survey questionnaire.)

	All Pet Owners (n=1518)	Veterinarians (n=436)
Nail Trim	47%	22%
Annual Adult Wellness Examination with bloodwork	44%	12%
Rabies Vaccine	39%	20%
Puppy Vaccines with heartworm test, fecal test and dewormer	38%	18%
Ear Package (ear infections and irritations)	35%	12%
Senior Pet Wellness Examination with bloodwork and complete labs	34%	9%
Dog Fecal and Heartworm Tests along with Vaccines (Bordetella, Lepto, Parvo, DA2P)	34%	17%
Kitten Vaccines with fecal test and dewormer	30%	18%
Dog Flu Vaccine	30%	9%
Eye Package (redness, discharge and dryness)	30%	10%
Skin Package (allergies, infections and allergic reactions)	30%	11%
Anal Gland Expression	28%	18%
Cat Fecal Test along with Vaccines (Rabies, FVRCP, FeLV)	27%	14%
Urinary Package (urinary tract infections)	26%	10%
GI Upset Package (mild to moderate vomiting and/or diarrhea)	25%	10%

Here's how favorably minded pet owners talk about their view of Walmart veterinary clinics:

It would be convenient and less expensive than our usual veterinarian.

I like that it's not owned by Walmart and that they can refer you to nearby private practices if there's a more serious issue. I also like that it's probably less expensive and seems to offer a lot of different services.

I think it's a great idea. Everything else at Walmart is high quality and competitively priced so I'm sure a vet would be, too. I would use them.

It's definitely an easier option, because I can fulfill other obligations like grocery or household good shopping at the same time. And since they provide optimum care for my pet, it's a good one.

I think it's a good idea. They would probably have more veterinarians on duty, so the hours would be more flexible. And their veterinarians would have the same training as all other vets.

I think it's a wonderful idea. There's a need for more options for our family/pets, and Walmart has been a dependable source for other services. This will take the cake for people who cherish their pets as much as my family does.

Walmart is closer than my other options for veterinary care. I expect the cost to be affordable, in keeping with Walmart's brand.

Source: 2017 TR+C Research

Dig In With An Action Plan!

1. Consider a partnership. Walmart has said that they refer veterinary care that's beyond the scope of their clinics. Perhaps your clinic could be on a referral list for local Walmart clients who need more advanced care options.
2. Ask around. Ask people of a range of ages and backgrounds what they think of Walmart. Of course, you're going to have to come at this with a curious attitude and an open mind. No one will tell you what they really think if they feel like they might be judged.
3. Do some research: Visit a Walmart near you. Try one of their services yourself. Check out their online pet pharmacy. Figure out whether your local Walmart locations are currently providing veterinary services, if you're not sure. (*Just the facts:* 31 percent of you said you're not sure.)



Not Just the Lowest Price, Always

As you'd expect, pet owners do say price plays a part in their interest in veterinary services at Walmart. But the convenient location was an even bigger driver—and a much more important factor than most veterinarians expected.

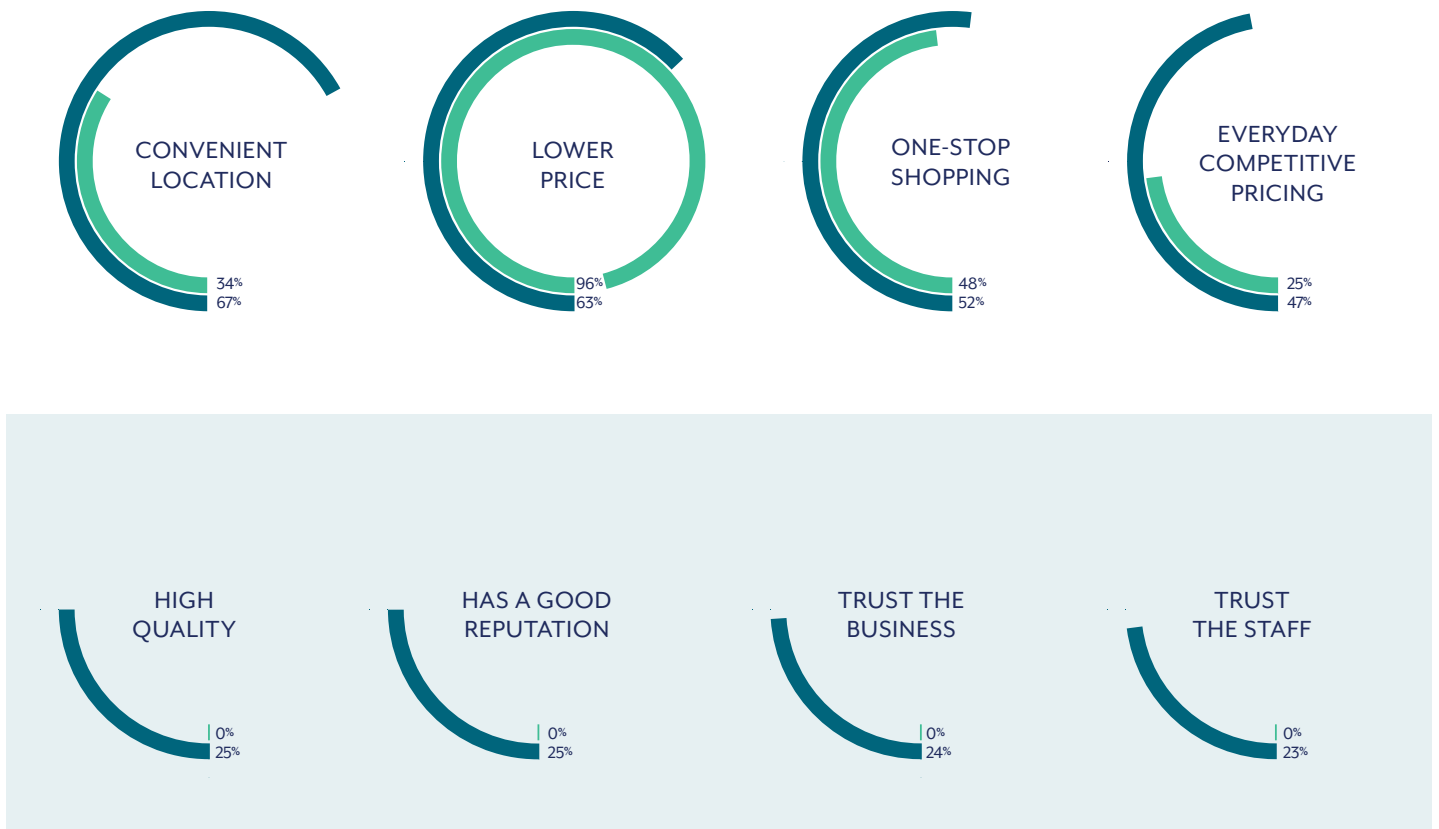
This part may really sting: In stark contrast to veterinarians' expectations, a sizeable percent of pet owners said they would consider a veterinary clinic at Walmart because of high-quality services (25%), a good reputation (25%) and trusting the business (24%). (See Figure 4.)

Figure 4

Convenience beats price

We asked which of these variables would influence pet owners to take their pet to a veterinary clinic at Walmart. Veterinarians clearly focused on price as the dominant issue. You can see that “Convenient Location” shows the biggest gap in pet owner and veterinary perception. We thought that it might be higher income pet owners who bump convenience up over price considerations, but no. Lower income pet owners also highly value convenient location in their decision making. It is true, though, that lower income pet owners list *more* reasons for taking their pets to Walmart locations than higher income pet owners.

Reasons Pet Owners Would Take Pet to Walmart Veterinary Clinic



Source (Figure 4): Exclusive data from Trone Research + Consulting, 2019

■ Veterinarians (n=436)
■ All Pet Owners (n=1112)

Figure 5

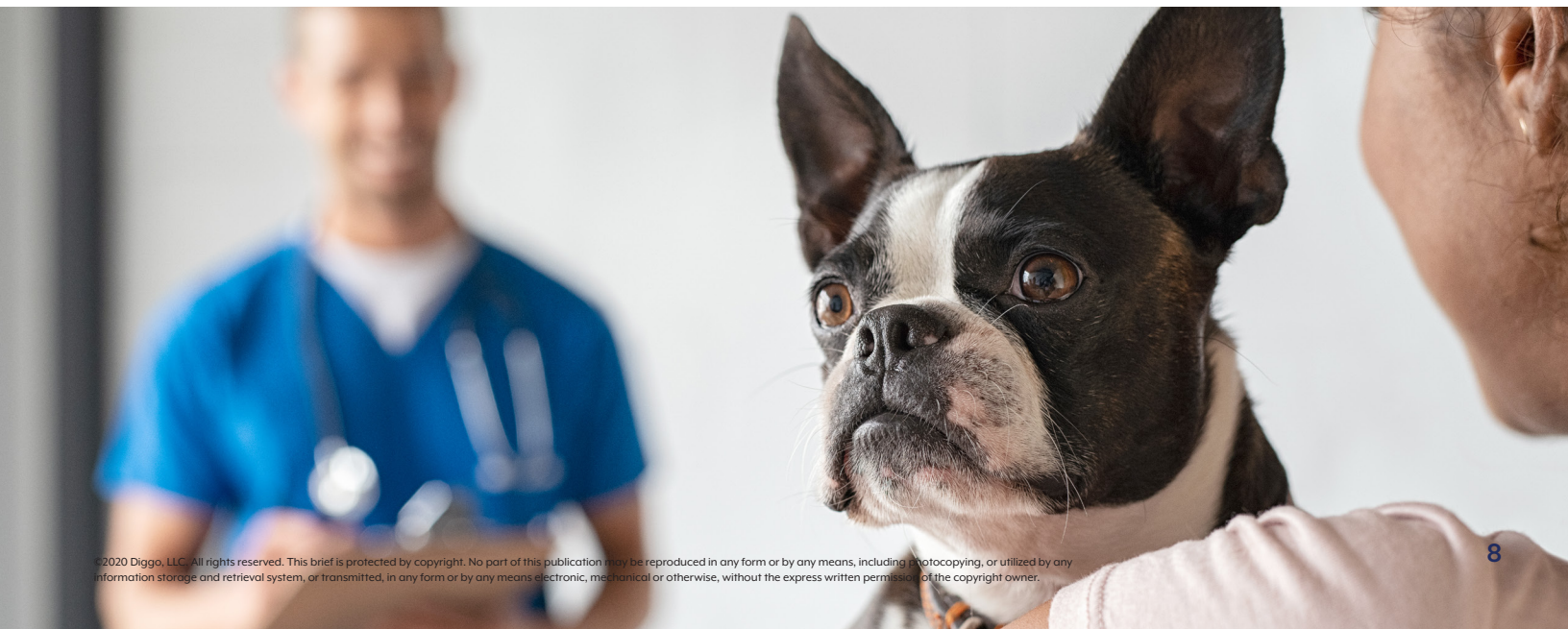
It's not just about money

It's easy to think this trend is just about lower income young people wanting to save a buck. And it's true that Millennials are most likely to say they'd consider using at least one veterinary service from a Walmart provider. But Gen Xers are even more likely than Millennials to want to use Walmart for multiple different veterinary services. And even 65 percent of Boomers say they'd consider at least one service. And when we look at pet owners who are most likely to try Walmart services later in this report, you'll see that they're equally distributed across income levels. *Bottom line:* The danger mass merchant outlets pose to your practice crosses all generations of clients—and all income levels.

It's not just lower income young pet owners wanting to save a buck, 65% of Boomers would consider Walmart for veterinary services

	Millennials (n=480)	Gen X (n=430)	Boomers (n=490)
At least one service	81%	76%	65%
Nail Trim	46%	53%	44%
Annual Adult Wellness Examination with bloodwork	44%	49%	49%
Rabies Vaccine	34%	45%	38%
Puppy Vaccines with heartworm test, fecal test and dewormer	42%	42%	30%
Ear Package (ear infections and irritations)	34%	40%	33%
Senior Pet Wellness Examination with bloodwork and complete lab	30%	38%	33%
Dog Fecal and Heartworm Tests along with Vaccines (Bordetella, Lepto, Parvo, DA2P)	36%	40%	28%
Kitten Vaccines with fecal test and dewormer	33%	34%	26%
Dog Flu Vaccine	33%	36%	23%
Eye Package (redness, discharge and dryness)	31%	36%	25%
Skin Package (allergies, infections and allergic reactions)	31%	34%	25%
Anal Gland Expression	29%	31%	25%
Cat Fecal Test along with Vaccines (Rabies, FVRCP, FeLV)	29%	31%	23%
Urinary Package (urinary tract infections)	23%	31%	23%
GI Upset Package (mild to moderate vomiting and/or diarrhea)	27%	28%	19%

Source (Figure 5): Exclusive data from Trone Research + Consulting, 2019



Price and Quality Go Hand in Hand. Or Do They?

Not in pet owners' minds, it seems. And not even among pet owners who say a traditional private practice is their primary source for veterinary care.

[The Summer 2019 Diggo Brief](#) showed that pet owners in general (and particularly Millennials) are getting veterinary care from multiple sources. (See Figure 6.) In other words, even clients you see may also be getting care at a corporate practice, in their home from a mobile practitioner, at a discount vaccine clinic or from some other source.

Given this trend, we wanted to dig into the expectations of pet owners who list private practices as their primary source for veterinary care. We would hope that these pet owners would be the most likely to understand the quality of care that private practices offer.

While 47 percent of pet owners who currently get their care at a private practice expect lower prices for veterinary services at Walmart locations, only 29 percent expect the quality of care Walmart based clinics provide to be lower. (See Figure 7.)

Figure 6

Why pet owners pick specific outlets for veterinary care

A couple things to note: Pet owners using mass market options like Walmart, say they chose those for good reputation and high quality, in addition to low pricing. While you may find the idea of a discount outlet offering high-quality care, well, ridiculous, pet owners don't. And their perception is their reality. On the positive side, "trusting the staff" is a benefit you have in private practice that Walmart doesn't. How could you play to that strength?

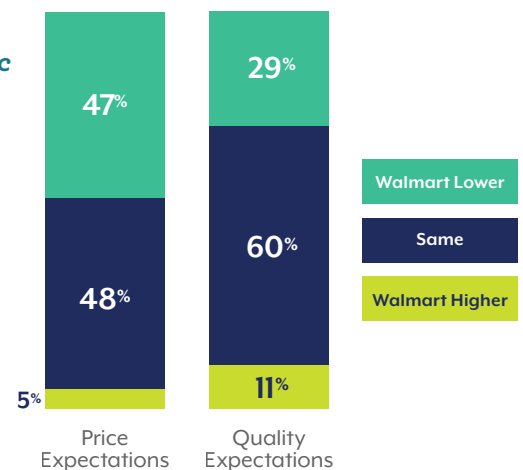
Reasons to Take Pet to Type of Clinic (among all Pet Owners)	Trust Staff	Good Reputation	High Quality	Convenient Location	Lower Price
Private Practice (n=1085)	🐾	🐾	🐾		
Veterinarian in home (n=171)	🐾	🐾	🐾		
Chain clinics like VCA (n=248)	🐾	🐾	🐾	🐾	
Mobile/discount vaccine clinic (n=190)	🐾			🐾	🐾
Shelter clinic (n=191)	🐾	🐾			🐾
Chain clinics in pet specialty retail outlets like Banfield (n=253)		🐾		🐾	🐾
Clinics in mass market retail like Walmart (n=218)		🐾	🐾		🐾

Figure 7

Save money, live better

Pet owners are clearly hoping Walmart-based clinics can deliver against the Walmart value proposition: Good products, cheaper price. You can see that 47 percent of pet owners who currently use a traditional private practice as their primary source for veterinary care say the price at Walmart will be lower compared with their current veterinarian, and 60 percent say the quality of care will be the same.

Pricing Expectations for Walmart vs. Current Clinic Among Pet Owners Whose Current Clinic is a Private Practice (n=1012)



Source (Figures 6 and 7): Exclusive data from Trone Research + Consulting, 2019

How much less do clients expect to pay?

Figure 8 explores price expectations across all pet owners, regardless of their current primary source for care. As you can see, the gap on the simplest services is actually fairly low, but it increases for clinical care. And their expectations hit pretty close to the mark. Pet owners expect to pay \$53 to get treatment for common minor illnesses at Walmart. The published price is \$50. A 2015 report from VPI lists \$150 as the average veterinary fee for otitis externa. Pet owners responding to the Diggo study say they expect to pay \$73 at

their current veterinary practice. That gap in price expectation is obviously a pain point today for both practices and pet owners.

Here's one reason pet owners may be expecting lower prices at Walmart veterinary clinics: Twenty-three percent mistakenly believe that Walmart will own these clinics. And another 36 percent aren't sure about whether Walmart will own the clinics. (See Figure 9.)

Figure 8

Pet owners expect to pay less at Walmart clinics

Given Walmart's reputation for lower prices, it is not surprising that pet owners would expect discounts at a veterinary clinic in Walmart. The expected price differential is larger for more involved medical services.

What pet owners expect to pay for service (n=1518)

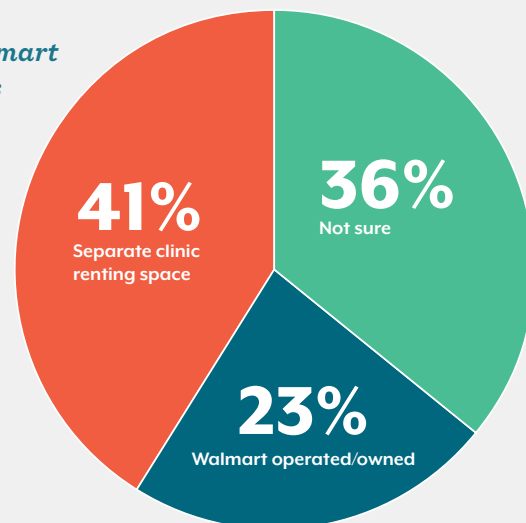
	Walmart Clinic	Current Clinic
Dog wellness exam (includes bloodwork, fecal & heartworm tests along with vaccines (Bordetella, Lepto, Parvo, DA2P))	\$86	\$116
Cat wellness exam (includes bloodwork & fecal test along with vaccines (Rabies, FVRCP, FeLV))	\$97	\$117
Common minor illness (such as ear infection, upset stomach, skin allergy, urinary tract infection)	\$53	\$73
Nail trim	\$16	\$21
Anal gland expression	\$20	\$26

Figure 9

Who owns these new clinics?

Pet owners' expectations about whether Walmart owns and operates the clinics at their locations could be affecting their expectations about price and quality.

Expectations for Ownership of Walmart Veterinary Clinics (n=1518)



Source (Figures 8 and 9): Exclusive data from Trone Research + Consulting, 2019

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Exploring the Holdouts

Twenty-seven percent of pet owners would not consider taking their pet for any type of veterinary care at Walmart. (Don't you just feel like hugging those folks right now?)

We asked these loyal pet owners to tell us in their own words why they wouldn't choose to use veterinary services at Walmart. The two most commonly cited reasons: They're either very happy with their current vet (31%) or they don't trust (or simply hate) Walmart (37%). Other comments were all over the board. The only other clear trends in their answers were "Walmart is further away than my current veterinarian" (7%) and "Walmart is too noisy for pets" (3%).

These quotes make it clear that your relationships with clients are key:

I've had the same veterinarian for DECADES and I would NEVER consider changing.

We have an established relationship with our veterinary office, and they have guided us through health issues with many pets. We are very confident in and comfortable with the care our animals receive there.

I trust and am confident in the services offered by the veterinarians I've dealt with for more than twenty years.

I love and trust my vet.

I prefer an established veterinary clinic, so my pet sees the same veterinarian each time.

I like our current practice, and we've formed a trusting bond with the veterinarian there.

I trust my veterinarian and her longtime staff.

And these quotes illustrate pet owners' negative reactions to the concept of Walmart veterinary clinics.

I'd be concerned about the quality of the care. Typically I want personal care and attention for my pet and around whatever concerns I have.

Walmart is super crowded, and that might not make it the best place to get pet care. I'm not sure I want my veterinarian who's working on sick animals located in the same place I buy food.

I would hope they'd have trustworthy staff. I've had issues with places like PetSmart, so I'm not confident.

I'm not sure about the quality of care or about how knowledgeable the veterinarians who would work there would be.

Walmart's reputation as a low-quality discount store puts me off the idea.

It's about trust. I think of Walmart as high-volume, low-margin discounter. Treating pets with this model runs counter to the value I put on my pet.

Dig In With An Action Plan!

Clearly relationships and the trust you build over time make an enormous difference in client loyalty. Our previous research with pet owners shows these are the key steps to building that trust. (Want more? Download the complete brief for free at dig-go.com: "[Pet Owner Loyalty: Inspiring Trust and Creating Lifelong Clients.](#)")

- Offer transparent pricing and openly discuss all options for care and for purchasing recommended medications and products.
- Be proactive about patient care, and focus on open communication and pet owner education. (And not just one-on-one! Leverage social media, your

- website, newsletters and whatever other tools you have at your disposal.)
- Build clients' perception that you and your team are available by implementing online scheduling and making an emergency phone number or email address available for them to get help after hours.

The Defectors May Not Leave You Altogether

Although 73 percent of pet owners will consider Walmart for at least some veterinary services, the majority of those who would consider Walmart (61%) plan to continue a relationship with their current primary veterinarian. Most say that's because they have a great relationship with their current veterinary clinic.

Clearly Walmart locations aren't planning to manage a full spectrum of care—and pet owners recognize that, listing treatment of more serious health issues as one reason they'd continue to see their current veterinarian. Twenty-three percent of respondents gave the obvious answer that Walmart doesn't provide all veterinary services that a pet might need.

But as you can see in these quotes, pet owners more often focus on their relationship with their current veterinarian and

they appreciate your knowledge of their pet's history. For 48 percent of pet owners responding, their personal relationship with their veterinarian is the reason they'd still visit the practice. Eleven percent specifically mentioned the relationship their veterinarian has with their pet.

Finally, 32 percent of those who would consider Walmart say they're not sure whether they'd still visit their current veterinarian—and that's an opportunity for your team to convince them to stay connected, even if they get some services elsewhere.

Be prepared for your 45% of your clients to split their pet's veterinary care between you AND Walmart

In their words: Why would you still visit your current veterinarian?

These quotes from pet owners give insight into their thinking:

I've been with my current veterinarian for a long time, and I've built a strong relationship with him.

Animals frequently have serious issues and need personal, individualized treatment. I'm afraid a clinic specializing in comprehensive basic care wouldn't make the cut.

My pets may have needs that cannot be addressed at a Walmart clinic, especially the more complicated issues you see with older pets.

I've been going to my current veterinary practice for 15 years. They know me and my dogs very well, and I have a lot of trust in them.

I trust my current veterinarian, and he already knows my pet's history.

My current primary veterinarian can provide more complex medical services, such as surgeries, if needed.

Just because I know and trust my veterinarian. And my veterinarian does emergency visits as well so I can get everything done there including surgery.

We have a great relationship, and I sometimes want a second opinion.

Quantifying the Risk: 1 in 4 Clients

We've demonstrated a strong potential threat from Walmart. And yet you know—and we know—people don't always behave in the ways they say they will. Or even in the ways they think they will. So, just how serious are these pet owners about giving Walmart a try for veterinary services?

Our genius statisticians at Diggo use a scientific approach to figure out who's really going to use the services. With these statistical tools, we can identify pet owners who think Walmart clinics are a nice idea but who wouldn't really change

their behavior. When we eliminate them from the positive responses, the remaining pet owners are Early Adopters—and they're very serious.

Early Adopters find the concept highly appealing, and they're very likely to use these new services from Walmart clinics. In fact, some already have—and 82 percent of those folks intend to use Walmart for veterinary care again in the future. These Early Adopters pose an immediate threat to your business. Here's a closer look at this at-risk group.

*The threat:
25% of pet owners
are likely to be
Early Adopters*

And it doesn't matter much what kind of pet they own. Twenty-four percent of cat owners and 26 percent of dog owners are likely to be Early Adopters of Walmart veterinary services.



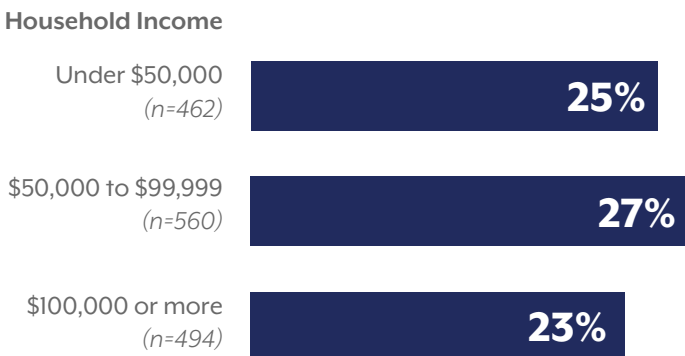
Key takeaway #1: Low income is not a driver of early adoption

Here's the reality: 90 percent of all pet owners shop at Walmart, representing people from all income groups. So although Walmart has a reputation of being a low-cost retailer, it's not just lower income clients who are at risk. In fact, Early Adopters look the same as the overall pet owner on income measures.

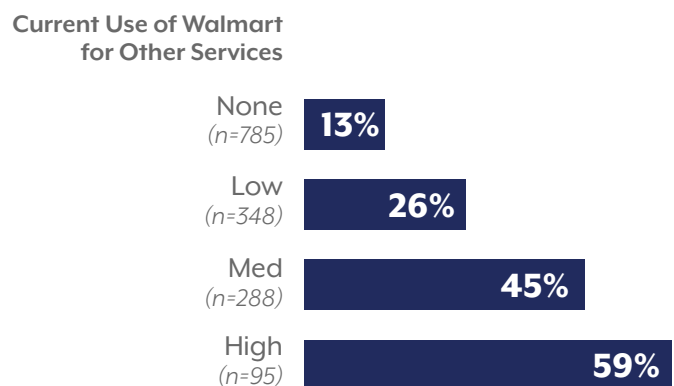
Key takeaway #2: People who use more Walmart services are more likely to use Walmart for veterinary care

Pet owners who use other Walmart services are more likely to consider veterinary care, too. As you can see here, the more services they use, the more the odds increase. We defined low use as one service in the past 12 months. Medium use represents two to three services used in the past 12 months. And high use of services was four to six in the past 12 months. Among that group of high-service users, 59 percent are likely to be Early Adopters of Walmart-based veterinary care.

*Likely to be Early Adopters
Among All Pet Owners*



*Likely to be Early Adopters
Among All Pet Owners*



Key takeaway #3:

High use of services + high income = Leading Proponent

Now this is a data deep dive:

When we look at pet owners who use not just one Walmart service but who use multiple services at Walmart now, we see that those with the highest usage of Walmart services (i.e., 4-6 services) have much higher incomes on average. Look for these pet owners to not only be Early Adopters, but leading proponents.

43% of the pet owners using Walmart for 4-6 services have incomes over \$100K, compared with 32% among pet owners overall

Top level recap:

The pet owners who will lead the charge in early use of Walmart for veterinary services are higher income clients who use Walmart for several services now.

Figure 10

The Continuum of Acceptance

This diagram shows key tendencies of Rejectors and Early Adopters of Walmart veterinary services*



* In the methodology section on page 25, you can see all the details about our research definitions.

Understanding Early Adopters

As we just discussed, a pet owner's use of other Walmart services is one of the best predictors that they'll become an Early Adopter of Walmart veterinary services. In fact, the more services pet owners use at Walmart, the more likely they are to try Walmart veterinary clinics. (See page 13.) Of the services Early Adopters are already using, in-store pharmacy and online pharmacy top the list. Both are used by about half of Early Adopters.

Not surprisingly, Early Adopters live closer to a Walmart Supercenter than overall pet owners. They shop more often at Walmart—66 percent shop at least twice a month. And they shop across more departments, including pet products. In fact, 86 percent of Early Adopters buy pet products at Walmart. Pet food and treats get bought most, but 5 in 10 also buy flea and tick prevention at Walmart.

Generation is another important predictor. Millennials are more likely to be Early Adopters of Walmart (31%) compared with Gen X (28%) and Boomers (19%). So the threat to private practices is likely to grow as Boomers age out of pet ownership.

In general, Millennials have much more positive attitudes about Walmart. Of course, Millennials are more likely to have children at home, so that's one signal you could look for as you think about who you might need to particularly work at building strong bonds with.

Early Adopters have different assumptions about veterinary care

Early Adopters are more likely to believe that they can get high quality care from all different kinds of veterinary sources—including mobile/discount vaccine clinics, shelter clinics and corporate practices like VCA or Banfield—and they're already less likely to be using a private veterinary practice and more likely to be using these alternative sources for veterinary care.

The issue isn't that they don't care about their pets. (See Figure 11.) It's that they think they can get good (or even better) care somewhere besides a traditional practice. In fact, half of Early Adopters believe that Walmart clinics would provide higher quality care than their current primary veterinarian. (See Figure 12.)

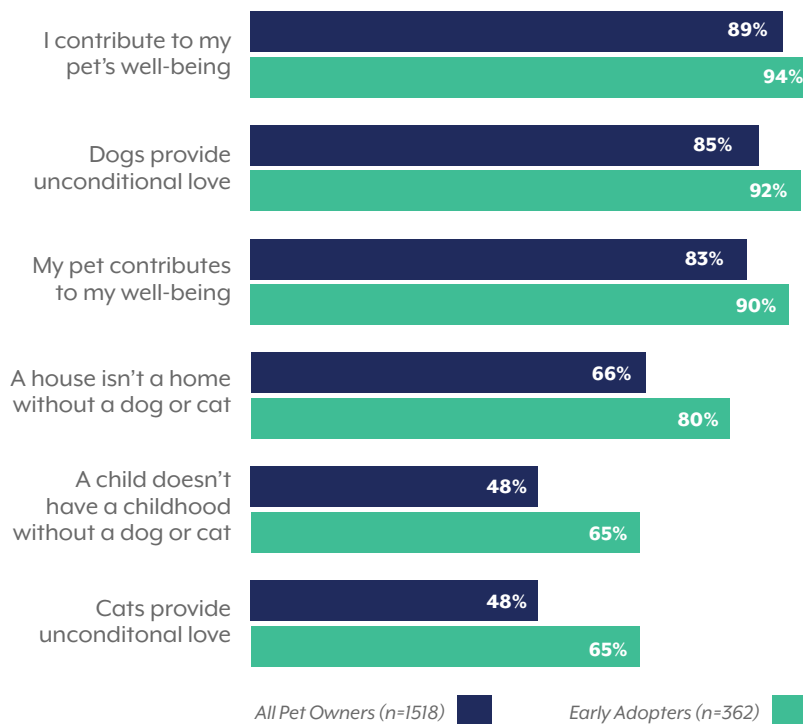
It's true that half of Early Adopters believe Walmart clinic prices will be lower than their current primary veterinarian—and one-third expect the prices to be the same. But some Early Adopters believe Walmart clinic prices would be higher than their current primary veterinarian, and they are willing to spend the money.

Figure 11

Early Adopters feel differently about their pets

In fact, they're MORE attached to their pets than the typical pet owner. (We're reporting the percentage of respondents in each segment that chose "Agree" and "Strongly agree" in response to these statements.*)

Top 2 Box Agreement with Statements About Pets



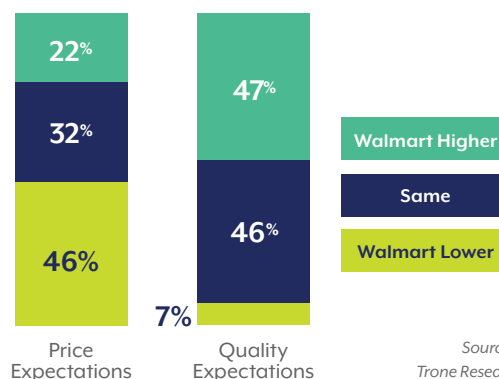
*Some fine print: This chart—and others in this brief—show the percentage of respondents who checked the top two boxes on a 6-point scale. In this case, that means they responded "Agree" or "Strongly agree."

Figure 12

Price vs. quality: What Early Adopters expect

Forty-six percent of Early Adopters expect the price at Walmart to be lower than their current primary source for veterinary care—and 47 percent expect the quality of care they get at a Walmart based clinic to be higher than what they're getting now.

Pricing Expectations for Walmart vs. Current Clinic Among Early Adopters (n=362)



Source: Exclusive data from Trone Research + Consulting, 2019

What else do we know?



82%

of Early Adopters have taken their pet for veterinary care at least once in the past year

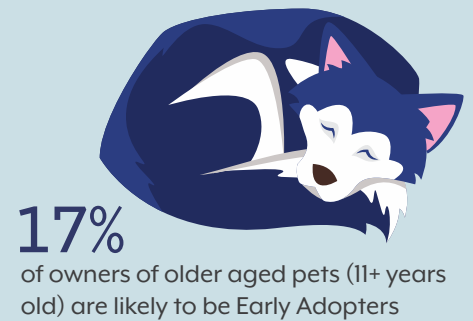
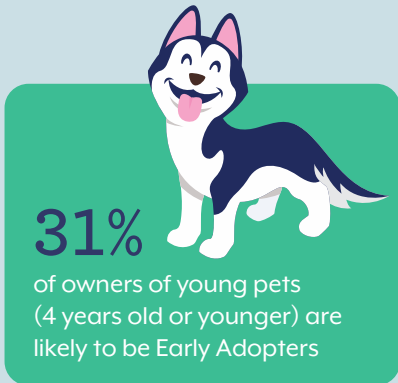


94%

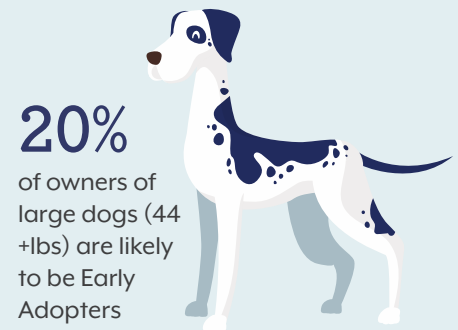
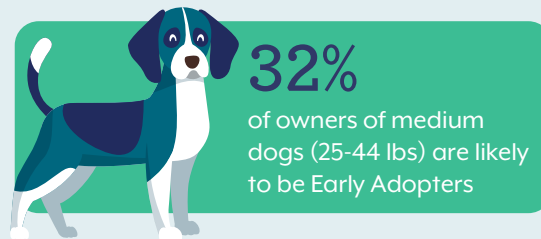
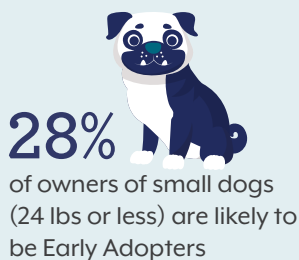
of Early Adopters would take a new puppy/kitten to Walmart veterinary clinics in the future

Other tendencies of Early Adopters

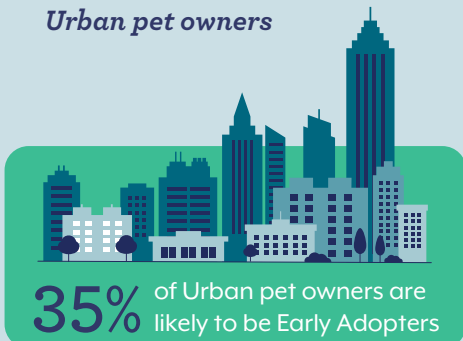
Owners of younger pets



Dog owners with medium dogs



Urban pet owners



22% of Suburban pet owners are likely to be Early Adopters



20% of Rural pet owners are likely to be Early Adopters

Source: Exclusive data from Trone Research + Consulting, 2019

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Figure 13

Early Adopters feel differently about their current veterinarian

If you're thinking Early Adopters just aren't happy with their current veterinary hospital then think again. Early Adopters are actually more likely to trust and have confidence in their current veterinarian—and even feel a sense of loyalty to them. But, they're also more likely to believe that all veterinarians are the same no matter where they practice. (We're reporting the percentage that chose "Agree" or "Strongly agree" in response to these statements.)

Top 2 Box Agreement with Statements About Primary Veterinarian

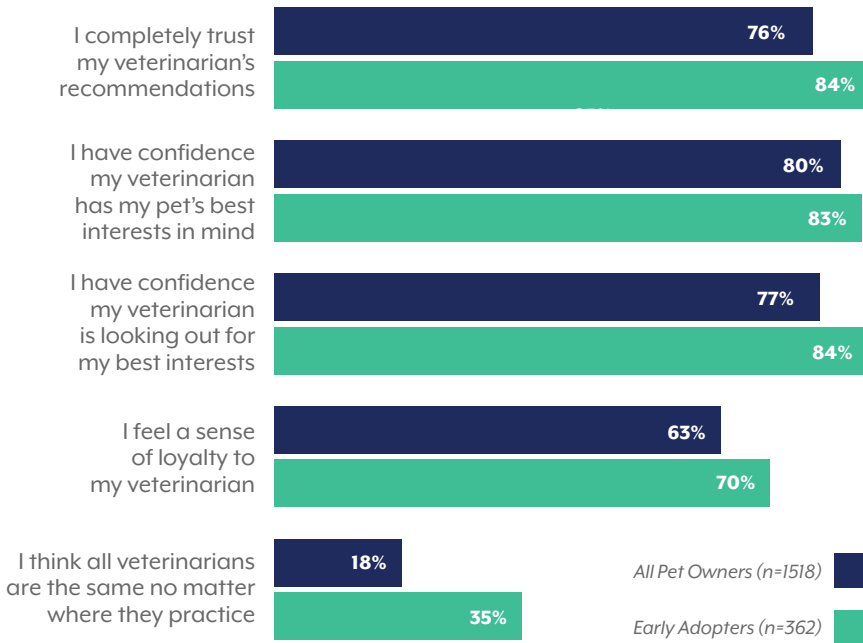
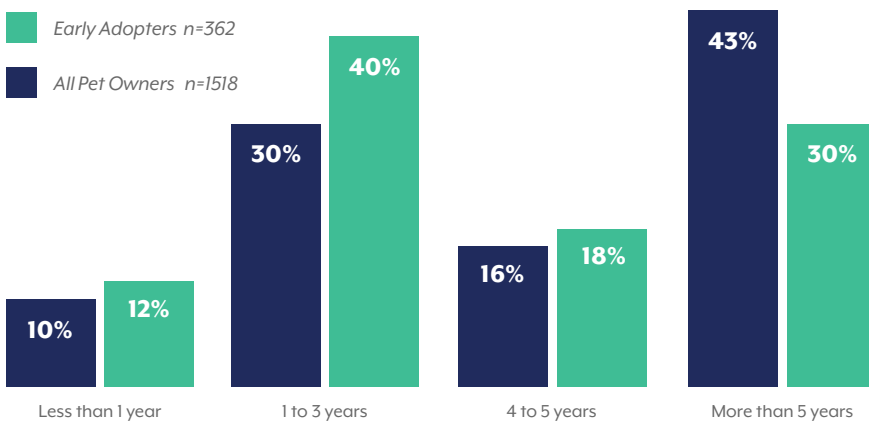


Figure 14

Loyalty does take time

As you can see here, Early Adopters haven't been with their current veterinarian as long as the typical pet owner. Less time together may be what is leading to less exclusive loyalty when asked about giving Walmart veterinary services a try. It takes time to develop an understanding of what service or services make your practice and your team different and special. Remember that the growing trend is toward the use of multiple veterinary channels rather than exclusivity with just one.

Length of Relationship with Primary Veterinarian



Source: Exclusive data from Trone Research + Consulting, 2019

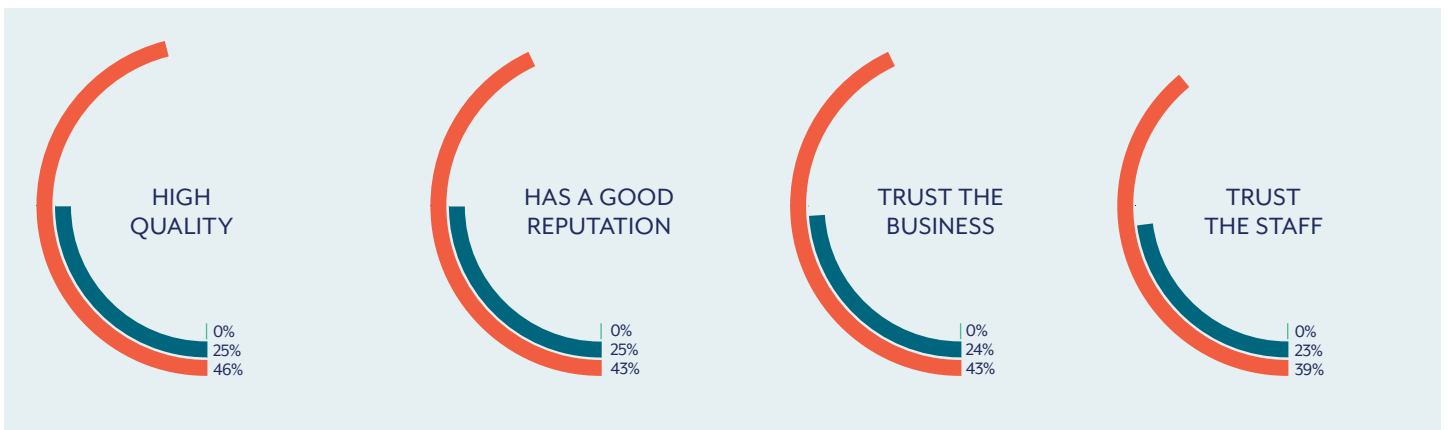


Figure 15

Early Adopters trust Walmart more

We've already talked about the fact that pet owners in general trust Walmart significantly more than veterinarians expect. But it turns out that trend is magnified among Early Adopters. These folks are more likely to have tried other Walmart services than the pet owning population in general—and clearly their experiences were good.

82% of pet owners who are already using Walmart veterinary services are likely to take their pet back to Walmart again in the future.



Source: Exclusive data from Trone Research + Consulting, 2019



Figure 16

One-half of Early Adopters will keep coming back to you

Even among pet owners who are likely to be Early Adopters of Walmart veterinary services, half say they'd maintain a relationship with their current primary veterinarian.

Getting on your local Walmart clinic's referral list will help ensure that your clients continue to come back to you for more serious pet health issues

Early Adopters take their pets to the veterinarian more often and for a wider variety of services compared with pet owners in general—including things that Walmart won't provide, like sick care for moderate health issues, daycare or overnight boarding, emergency care and specialty care. So it's valuable to keep these clients, even if they choose to get basic care somewhere else.

Services Obtained in Past 12 Months	All Pet Owners (n=1518)	Early Adopters (n=362)
Wellness Exam	80%	79%
Vaccinations	78%	75%
Pet Prescriptions	55%	60%
Nail Trim	55%	62%
Grooming	45%	57%
Sick Pet Care for Mild health Issue	39%	48%
Anal Gland Expression	24%	26%
Sick Pet Care for Moderate Health Issue	22%	28%
Overnight Boarding	20%	25%
Emergency Care	17%	22%
Microchip Implant (for pet identification)	16%	24%
Daycare	15%	22%
Sick Pet Care for Severe Health Issue	15%	19%
Specialty Care	14%	23%
Surgery	14%	15%

Source: Exclusive data from Trone Research + Consulting, 2019

Dig In With These Action Steps

- Because a pet owner's use of other Walmart services is so key, we recommend that you find casual ways to ask clients whether they use these Walmart services: pharmacy, auto care, vision center, nail or hair salon, banking or health clinic. The percentage that does represents a particular risk for your practice.
- The longer your clients have been with you, the less likely they are to defect. Particularly think about what you can do to build a strong relationship with clients who have young pets. Do you offer puppy training? Do you encourage clients with young pets to stop by for treats when they don't have health issues, to build the pet's comfort and build your relationship with the client? What can you do that Walmart clinics can't or won't that will win clients' hearts?
- Work on winning Millennial and Gen X hearts. Boomers are going to quickly age out of pet ownership, but a Millennial or Gen X pet owner could easily own five to ten more pets in the rest of their lifetime. They represent the greatest value to your future practice.
- Owners of senior pets may realize that the veterinary services their pets need are more complicated—and less likely to be available at Walmart. And senior care is an area where you'll have less competition. So consider leaning in here with more senior care, more marketing around it and more education for pet owners.
- Help pet owners understand what you offer that a Walmart clinic doesn't. How are you different? Play that up in your messaging.



Figure 17

Do pet owners want even broader services at Walmart?

In this launch, Walmart is restricting their veterinary services to the basics. We asked whether pet owners would be interested in additional services. The answers show that the superstore probably hit the right mark—although grooming stands out as the next area of opportunity. Given that pet owners are not enthusiastic about Walmart-based clinics offering daycare, boarding, specialty care or surgery, these are areas where you could lean in and communicate your strengths to clients.

Want Veterinary Clinic at Walmart To Offer Service	All Pet Owners (n=1518)	Early Adopters (n=362)
Grooming	52%	61%
Emergency Care	29%	44%
Sick Pet Care for Moderate Health Issue	27%	42%
Pet Daycare	20%	33%
Overnight Boarding	16%	27%
Sick Pet Care for Severe Health Issue	15%	32%
Specialty Care (e.g., referral from primary veterinarian)	15%	30%
Surgery	12%	22%

Figure 18

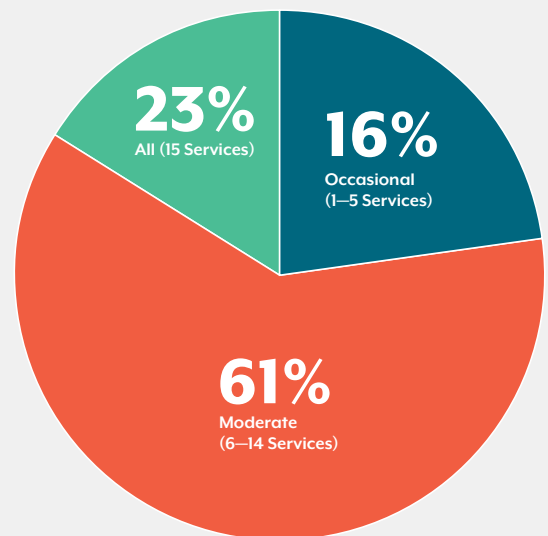
Wellness exams are among the most at-risk services

As you can see in this chart, 23 percent of Early Adopters are likely to be all in—meaning they'd consider using all 15 veterinary services provided by Walmart.

Among the Early Adopters who say they'd be more occasional users of Walmart services, they say they're most likely to take advantage of annual adult wellness (48%), puppy vaccinations (39%), nail trims (36%), kitten vaccinations (30%) and senior pet wellness (26%). So these are the services most at risk in your practice.

- | | |
|--|---|
| Nail Trim | Dog Flu Vaccine |
| Annual Adult Wellness Examination with bloodwork | Eye Package (redness, discharge and dryness) |
| Rabies Vaccine | Skin Package (allergies, infections and allergic reactions) |
| Puppy Vaccines with heartworm test, fecal test and dewormer | Anal Gland Expression |
| Ear Package (ear infections and irritations) | Cat Fecal Test along with Vaccines (Rabies, FVRCP, FeLV) |
| Senior Pet Wellness Examination with bloodwork and complete labs | Urinary Package (urinary tract infections) |
| Dog fecal and heartworm tests along with vaccines (Bordetella, Lepto, Parvo, DA2P) | GI Upsets Package (mild to moderate vomiting and/or diarrhea) |
| Kitten Vaccines with fecal test and dewormer | |

Extent to Which Early Adopters Would Consider Walmart for Veterinary Services (n=362)



Source: Exclusive data from Trone Research + Consulting, 2019

Build Your Loyalty Plan Today

Do these things to keep pet owners from jumping ship

Of course, it would be great if you could keep these Early Adopters in your practice. So we asked what services they're getting at their current veterinarian and what would improve the experience. It turns out, they're not that different from pet owners in general when it comes to building loyalty.

In the Diggo Brief "Pet Owner Loyalty: Inspiring Trust and Creating Lifelong Clients" we dug deep into what inspires pet owners' trust and how practices can boost loyalty. We found that pet owners need to perceive that you're available to them. (But that you don't actually have to be personally available 24/7, which is what veterinarians fear.) We found that proactive communication and education boosts the value of your relationship and services. And we found that pet owners appreciate transparency when it comes to your pricing, prescriptions and product recommendations.

All of that aligns to Early Adopters' responses in this research. Virtually all Early Adopters say there are things their current veterinarian can do to keep them loyal—and away from Walmart. As you would expect, more competitive pricing on preventive care and the treatment of common minor illnesses made the list. But they also asked for more transparency upfront about the cost of services and payment plans to help them with the cost burden. And unrelated to the cost of care, they want increased communication, education and availability from their current clinic.

All that to say, the steps that will help you hold on to these at-risk clients will help boost loyalty across the board. Personalized education and service make you a true partner to your clients, and they'll reward you for it. (See Figure 19.)



Figure 19

Improving the experience

One key question here is what you can do to stem the tide and hold ground in an increasingly competitive market. In previous research, we identified steps that pet owners in general say would make them more loyal to their primary source for veterinary care. We asked early adopters if their current primary source for care offers these options—and if they don't whether it would improve their experience. One thing to keep in mind, even if you offer one of these options, clients may not realize you do. In research for the Fall 2019 Diggo Brief ([BALANCING ACT: Strike the Right Balance to Attract More Pet Owners](#)) we found that 63 percent of practices offer an online pharmacy, but only 16 percent of pet owners know their practice offers them that option for pet prescriptions. So in some cases, you may just need to promote a service more.

Among Early Adopters (n=382)

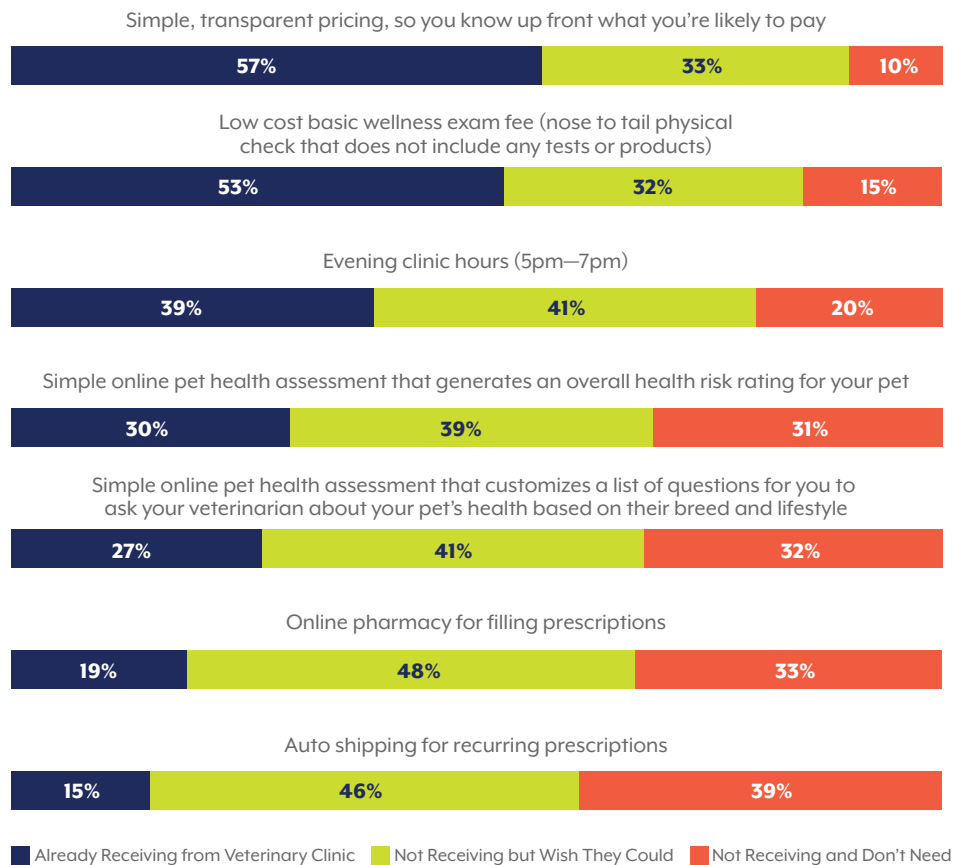
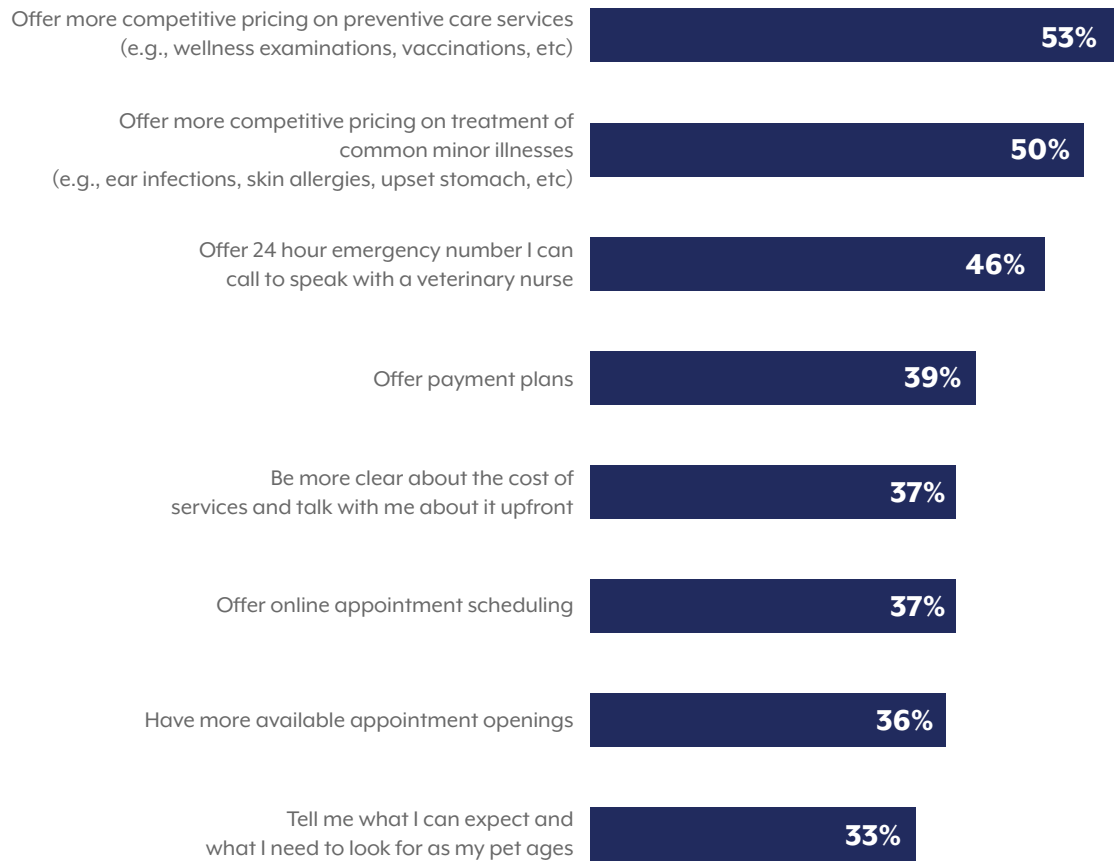


Figure 20

Minimize the temptation

There are things you can do to bump loyalty and keep even the Early Adopters more happy and more likely to stick with you rather than try Walmart. Take a breath, and think about which of these are most feasible for your practice team. (Sweetening the deal even more, these same retention strategies will also boost loyalty from the rest of your clients.)

How Current Veterinarian Could Reduce Likelihood That Pet Owner Will Take Pet to Walmart (n=362)



Source: Exclusive data from Trone Research + Consulting, 2019

Dig In With This Action Plan!

- Pick two or three things off the lists in Figures 19 and 20 and talk with your team about how you could stretch in these areas. Make a concrete plan for improvement, and make sure you decide how you'll measure your success. Revisit these goals at least once a month to adjust your approach if necessary and celebrate your wins.
- Download the free brief "[Pet Owner Loyalty: Inspiring Trust and Creating Lifelong Clients](#)" and discuss other possible steps with your team.



Key Takeaways

1. Pet owners' attitudes toward Walmart-based veterinary services are more positive than veterinarians expect.
2. The risk is high: 1 in 4 pet owners is likely to be an Early Adopter of Walmart veterinary services.
3. The strategies that would make an Early Adopter less likely to jump ship are the same ones pet owners in general say would build their loyalty to their veterinary practice.

Accessibility + Value = Loyalty

Transparency

*Proactive
Patient Care*

*Regular
Communication*

Availability

Commit to Action!

Diggo Briefs are about two big things: data and action. Our philosophy is that executing on just one idea from one brief (or adding or saving just one client) should way more than pay for your full-year subscription. But for that to work out, you need to absorb the data and insights we've provided and then pick an idea to adopt. Just reading casually is not enough! We want to help you earn more, feel in-the-know, feel more control over your destiny and stay at the cutting edge of veterinary practice. (Yeah, yeah. Low bar.)



Methodology and Analysis

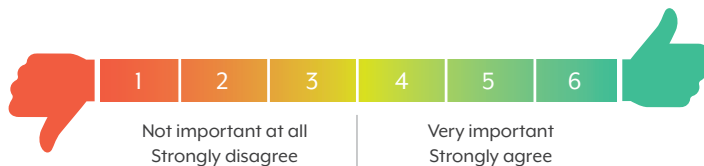
Methodology

Much of the data in this brief came from a 15-minute online survey that was fielded in Winter 2019, with a large sample size of 1,518 pet owners balanced across US geography. This sample size allows for 95% confidence with a margin of error of +/- 2.53. Respondents were screened to ensure they owned and were the primary decision maker for veterinary healthcare for either a dog or a cat.

This data is self-reported by pet owners (not transactional data). The survey includes all instances of seeing a veterinarian. It is not exclusive to private practice or traditional brick and mortar establishments.

Analysis

Attitudinal questions were asked using a 6-point Likert rating scale. When reporting results, it is often helpful to report "Top Box," which is the percent rating the top point (6) on the scale, or "Top 2 Box," which is the percent rating the top two points (5 or 6) on the scale. We use a 6-point scale to force respondents to choose a positive or negative side.



In these brief findings, pet owners are sometimes grouped according to their age. These are the breakdowns we used when defining each generation.

Millennial
1981-1996



n=480
Age: 23-38

Gen X
1965-1980



n=430
Age: 39-54

Boomer
1946-1964



n=490
Age: 55-73



Key Definitions

Definition of Lower Risk “Rejectors”

(n=597, 39% of pet owners)

Not likely to use Walmart veterinary services for their current pet or a future puppy/kitten

Those who rated likelihood of using Walmart veterinary services Bottom 2 Box at least once (we asked it 3 times: once before they saw the concept but we asked a hypothetical if Walmart locations had veterinary services, then we showed the concept and asked if they would use it for their current pet and then we asked them if they would use it for a future puppy/kitten if they adopted one).

Definition of Higher Risk “Early Adopters”

(n=382, 25% of pet owners)

Likely to use Walmart veterinary services for their current pet or a future puppy/kitten

At least one likelihood to use Walmart for veterinary services rating was Top 2 Box (we asked it 3 times: once before they saw the concept but we asked a hypothetical if Walmart locations had veterinary services, then we showed the concept and asked if they would use it for their current pet and then we asked them if they would use it for a future puppy/kitten if they adopted one).

AND found the concept of Walmart veterinary services to be appealing AND unique AND believable.

Ratings of concept appeal and uniqueness and believability were all Top 2 Box.



Respondent Demographics

Number of Pets

- 46% Own 1 dog
- 21% Own 2 dogs
- 6% Own 3+ dogs
- 33% Own 1 cat
- 18% Own 2 cats
- 10% Own 3+ cats

Age of Pet

- 10% Pet is <= 1 year old
- 28% Pet is 2-4
- 15% Pet is 5-6
- 24% Pet is 7-10
- 19% Pet is 11-15
- 4% Pet is 16+

Demographics

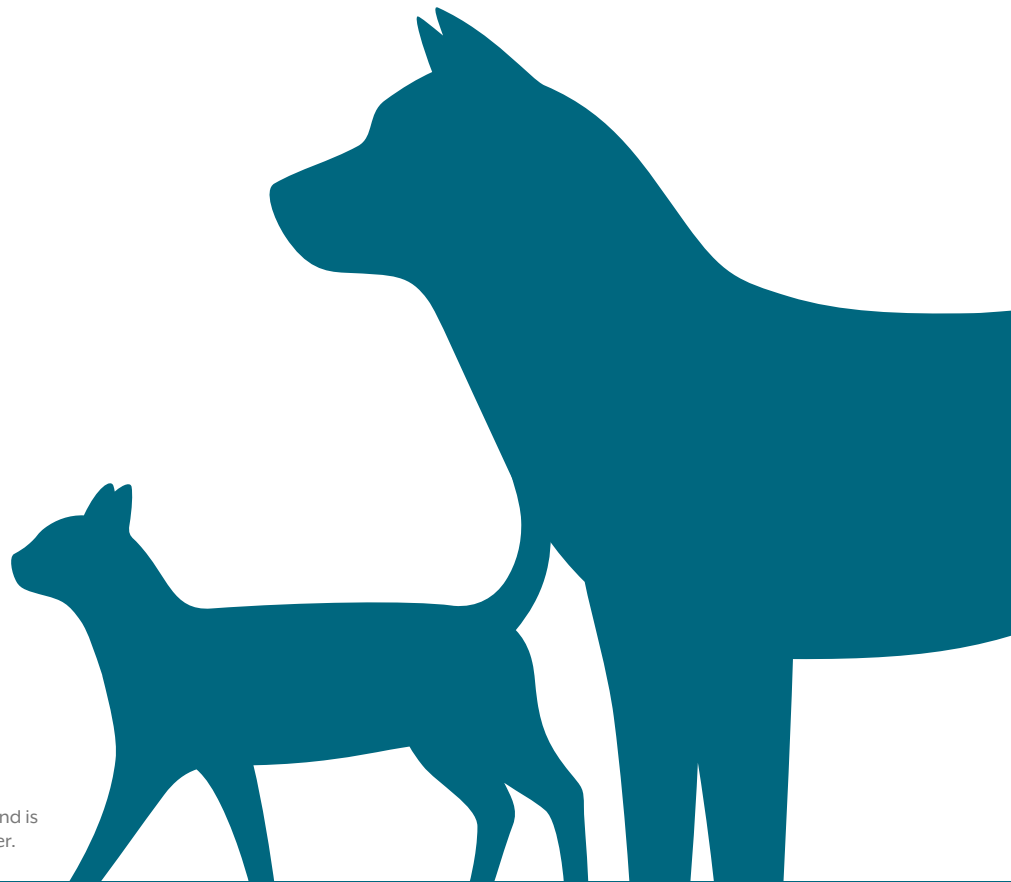
- 50% Female
- 50% Male

Household Size

- 63% No Children <18 years in Household
- 37% 1+ Children in Household
- 12% 1 Adult in Household
- 55% 2 Adults in Household
- 33% 3+ Adults in Household

Annual Household Income

- 8% Under \$20,000
- 11% \$20,000 to \$34,999
- 12% \$35,000 to \$49,999
- 21% \$50,000 to \$74,999
- 16% \$75,000 to \$99,999
- 19% \$100,000 to \$149,999
- 7% \$150,000 to \$200,000
- 6% Over \$200,000



This research is conducted by an independent research firm and is not sponsored by any manufacturer, retailer or service provider.