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Animalytix Hosts Senior Executive Forum at WVC

The data presented shows healthy growth across different segments of animal health

Animalytix recently hosted its annual Senior Executive Forum during the Western Veterinary Conference. The Executive Forum was launched in 2012 and has become a ‘must attend’ event for many animal health industry executives. “We are a service-oriented company providing support to manufacturers, distributors and a variety of industry organizations, including the American Veterinary Distributor Association and the KC Animal Health Corridor among others,” said Chris Ragland, CEO of Animalytix. “One of the ways we’ve chosen to support the industry is through the establishment of this annual event which covers a variety of topics and issues of importance for our clients and other industry stakeholders.”

As the mission and focus of Animalytix have expanded, so too has the attendance at the Forum, which this year included several veterinary services organizations. “Our recent acquisition of the Compendium of Veterinary Products was consistent with the company’s expanded scope of emphasis, which now includes the veterinary practitioner,” commented Ragland.

Over the past few years, the Forum has grown substantially. This year’s event drew over 150 executives from more than 80 companies for the two-hour program that was held at the Four Seasons Hotel in Las Vegas, Nev. The event has been sponsored by the KC Animal Health Corridor since 2014 and this year’s program was kicked off by Albrecht Kissel, current Corridor Chairman and CEO of Boehringer Ingelheim Vetmedica, Inc. Kissel outlined a series of Corridor initiatives including the MT1 certification program for manufacturing technicians and the www.exploreKCcareers.com website which is focused on raising animal health industry career awareness for the next generation of talent both within the Corridor and nationally through a collaboration with the FFA. Kissel also



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extended an invitation to the audience to attend the 11th annual Homecoming Dinner and the 8th annual KC Animal Health Investment Forum scheduled for Monday, August 29th and Tuesday, August 30th respectively. Additional details for both events can be found on the KC Corridor website <http://kcanimalhealth.thinkkc.com/>.

Ragland led off the formal program with an overview of 2015 results for the U.S. companion animal, ruminant, swine, and equine markets. Ragland also provided detailed channel overviews for the feedlot, dairy, cow-calf, ag retail and small animal veterinary sub-markets. The overview included the industry's first comprehensive price volume analysis, reflecting the performance of nearly 500 leading brands, reporting overall price and volume growth versus 2014 results.

Dr. Travis Meredith, Animalytix Director of Veterinary Channel Intelligence, and Dr. Karen Felsted, a leading practice management consultant and president of PantheraT, provided an overview of spending trends in veterinary medicine by specialty area and region of the country as well as insights into feline care and growth of primary care centers over the past two years.

The final presentation was delivered by Martin Traub-Werner, CEO of VetSuccess, a leading provider of practice level insight who shared key details on developments in wellness care and vaccination practices gleaned from a universe of more than 2 million patient records.

Key Findings

Industry Overview: Chris Ragland

Total reported sales for vaccines, pharmaceuticals, nutraceuticals and supplies were in excess of \$6.0 billion, an increase of 8.9% versus 2014 reported results with double-digit growth recorded in vaccines and veterinary supplies.

Notable developments within the categories were:

- Small Animal Anti-parasitics +17.5%
- Small Animal Vaccines +15.1%
- Ruminant Endos and Endectocides +20.7%
- Swine Vaccines +11.2%
- Ruminant productivity enhancers (-8.1%)
- Small Animal Dental Products (-22.1%)

Key developments within the sales channels were reported as follows:

- DVM Small Animal sales increased by 11.6%
- Mixed veterinary practice sales increased by 12.7%
- Ag retail sales increased by 13.0%
- Equine sales increased by 5.6%
- Feedlot sales declined by 1.7%
- Dairy sales increased by 5.8%

- Swine sales increased by 4.2%

Practice Overview: Dr. Travis Meredith & Dr. Karen Felsted

The proprietary Animalyx Veterinary Consumption Index (VCI), a \$1.4 billion market basket of annual purchases of exam room consumables and surgical suite supplies, increased 8.6% versus previous year, suggesting a robust overall growth trend for the small animal veterinary segment.

An analysis of VCI spending by Drs. Meredith and Felsted for the two-year period 2014 to 2015 indicated the Southern and Midwestern regions, each of which realized cumulative growth of 18%+ for the period, sharply outpaced the Eastern region which grew only 10% during the same two-year period.

Practice expansion for new small animal primary care facilities was ~ 2% over the period with ~ 900 new practices identified, while 350 locations ceased operations. The net change of 500+ practices suggests physical site expansion is slowing with most of the observed growth then being attributable to increased volume among established practices.

The importance of a healthy surgery practice and convenient hours was noted based on the dramatic expansion of emergency and referral practices. Further research is required but evidence in the data suggests an increasing number of patients are shifting spending toward these types of facilities, undermining the long-term growth potential for primary care centers with limited hours and heavy reliance on third parties for surgery support.

Industry efforts to engage feline patients appear to be succeeding based on a marked increase in feline core vaccinations (HCP) administered by primary care facilities in the most recent two year period. Vaccination rates increased by nearly 16% among small animal practices versus rescue and shelter locations, which grew by only 6% in the same period. When analyzed on a regional basis, the Eastern region was a notable outlier, achieving less than 1% volume growth in core feline vaccinations versus 14%-18% growth observed in other regions. The data suggests the Eastern region may already be highly saturated in terms of feline veterinary care.

Practice Insight: Martin Traub-Werner

VetSuccess, which provides detailed reporting services to more than 1,000 veterinary clinics and hospitals in the United States and Canada, shared the results of an analysis of 300+ practices for which 140,000+ canine patients were identified as having continuity of care for the period 2012 – 2015. When analyzing vaccination protocols among these patients, the following outcomes relative to core vaccinations (DAP) were reported during the four-year study period:

- 42% of patients received annual vaccinations
- 25% of patients received 1 or no vaccinations
- Less than 10% appeared to have been enrolled in a 3-year vaccination protocol

The presentation also noted the benefits of utilizing a standard scorecard methodology for practices to identify differences in compliance for practice metrics including: wellness exams, annual vaccinations, heartworm diagnostics, dentals and dispensing of flea, tick and heartworm preventatives.

Traub-Werner noted the data presented marked the early stages of this type of analysis, noting the next step was to move within the practice walls to assess differences among the veterinarians providing care at a given practice.

