

THIS ARTICLE IS SPONSORED BY THE
MINNESOTA DAIRY HEALTH CONFERENCE.



UNIVERSITY OF MINNESOTA

College of Veterinary Medicine

VETERINARY CONTINUING EDUCATION



ST. PAUL, MINNESOTA
UNITED STATES OF MINNESOTA

Marketing Veterinary Practices
Tom Funk
Canadian Centre for Sales and Marketing

Professionals of all kinds are increasingly concerned about marketing the products and services they provide. Certified Public Accountants, lawyers, dentists and veterinarians are just a few of the professions that have developed a keen interest in marketing. There are a number of reasons for this, but at the top of the list is the fact that competition in the professions is increasing at a rapid rate.

Many professionals have a fairly narrow view of marketing. For many it's synonymous with advertising and selling. Although these activities are an important part of marketing, marketing is much more. In a broader sense, marketing is the process of meeting the needs of targeted customers. While this sounds simple, it is really very difficult to do because it's never obvious what real customer needs are.

Discovering needs on a customer-by-customer basis is part of the selling process. Most people equate selling with persuading customers or prospects to purchase products or services, but this is a very narrow view of the sales process. In fact, much of selling is asking the right questions to get at real customer needs. It is only when these needs are understood that they can be satisfied.

In addition to understanding the needs of targeted customers, marketing involves meeting these needs through products and services that create value for customers. The creation of value is at the heart of marketing and is only possible once true needs are understood.

Marketing also involves the communication of value to targeted customers. In marketing this can be done with individual buyers or groups of buyers. The primary communications tool for individual buyers is face-to-face selling. The primary tools for groups of buyers include newspapers, direct mail, client meetings and the internet. Communications in marketing is difficult because there is so much room for error. Developing good communication skills is vital for marketers.

Marketing also involves capturing the value that has been created. This, of course, is done through effective pricing. Pricing is one of the least understood, but most important marketing activities. A key problem in pricing is the point of view that prices must be related to costs. Of course, prices must cover the costs of products or services or it makes no sense to provide these to the market. But other than this, there is no reason why prices have to be related to costs. Costs don't determine value, buyers do! So if a marketer has done a good job of creating value, it's important to get properly compensated for this.

Veterinarians have many ways in which they can create value. Some of the more common are providing:

- Specialized services
- Recommendations that reduce costs and/or increase revenue and profitability
- Timely service
- Training for client's staff
- Professionalism
- Solid personal relationships with clients

As mentioned earlier, a key reason marketing is becoming a more important activity for veterinarians is because of increasing competition. Competition is present in two forms. The first is direct competition which consists of other veterinary clinics providing similar products and services. Where

this is present, it is important for clinics to consider ways in which they can differentiate their products and services. This can be done in many ways: services offered, prices charged and personal relationships are just a few.

A second, and perhaps more serious form of competition, is indirect. This can manifest itself through producers performing certain procedures on their own or culling an animal instead of treating it. The challenge here is creating and selling value. And, of course, this goes back to earlier comments on how to do this effectively on a customer-by-customer basis.

A final point on marketing professional services is the importance of adopting what is called the marketing orientation. There are three different ways professionals can view marketing. The first is called the product orientation. Here the professional focuses on the products and services offered to the market. The professional believes that offering the best products and services at reasonable prices is the key to success. This may be true in some cases, but it is very myopic because it assumes an understanding of real customer needs. It is so very easy to believe that what you are doing is what customers want. Unfortunately many times you are wrong!

The second orientation is called the sales orientation. Here the professional focuses on aggressive selling and promotion to move products and believes that the key to success is sales volume. Although in some cases this can be true, it often leads to more intense competition, lower margins and lower profitability.

The third orientation is the marketing orientation. Here the professional focuses on determining the needs of targeted customers and meeting these needs more effectively and efficiently than competition. In marketing professional services, this involves discovering needs, providing products and services that create value, effectively communicating value and capturing the value that has been created. When properly done, this leads to a high level of customer retention, excellent customer satisfaction and a high level of favorable word-of-mouth communications.