

# Hillside Veterinary Clinic Marketing Plan

This plan was developed by Brian Hardy for Dr. Kelly Hardy and Hillside Veterinary Clinic. Brian Hardy is Dr. Hardy's nephew and a student majoring in marketing.

Hillside Veterinary Clinic Marketing Plan case has been developed as a tool to facilitate student learning and class discussion. The plan is based on a real veterinary clinic, but the names, locations, financial data, and other information used in the plan have been altered to preserve confidentiality. This plan is not intended to serve as a source of primary data or to illustrate effective or ineffective planning. This plan draws on ideas from many former student marketing plans, in particular plans created for a veterinary clinic by Patrick Akers, Kristin Arnal, Betsy Arneil, Sarah Bigum, JennaRae Hall, Ryan Hilgers, Dhanian Iman, Heather Jewett, Brad Kaufman, Tim Montano, Robert Mozer, Chantal Pearson, Anna Prendergast, Teresa Rodriguez, Angela Sackett, Bobbi Thorson, and Doan Winkel.

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# **1 Executive Summary**

Hillside Veterinary Clinic is a small animal veterinary clinic operating in Wellington, Colorado owned and operated by Dr. Kelly Hardy. The clinic has one full-time veterinarian and four full-time vet techs that provide service in a small but fast growing community in northern Colorado. The clinic has been in operation for 6 years and has tentative plans (2-3 years from now) to move into a new building – where it will add the sale of pet supplies and kennel services to its veterinary services. Because of the desire for this new building, it is important for HVC to grow sales in advance of this move. The clinic prides itself on offering compassionate and personal care to pets and pet owners.

Current customers seem to be very satisfied with Hillside Veterinary Clinic and customer retention is quite high. The other competitors in Wellington have services only by appointment. There are many competitors in nearby Fort Collins – some of whom serve Wellington residents. The rapid growth of the town of Wellington creates many opportunities for acquiring customers who are new to the area.

This plan focuses only on the veterinary services offered to customers and growth objectives over the next two years. The specific objectives of this marketing plan are:

- Within two years, the number of customers (currently 1200) will increase by 15% 180 (to 1380).
  - Most of this new growth will come from new homeowners in the area. But additional growth will occur by converting local customers to HVC through promotional efforts.
- The retention rate of current customers will remain at 95% (not counting those who leave the area).
  - This is an estimate of the current customer retention rate.
- Within two years, 30% of customers will have annual dental examinations and teeth cleanings done on their dogs (up from 5-10% today).
- Within two years, 30% of customers will have had a well-pet health test screening on their dog or cat at least every two years (up from 7% today).

This results in two related marketing strategies – one that targets acquiring new customers. HVC will use a variety of marketing tactics to generate awareness, especially among those moving to Wellington. The second set of tactics targets current customers and focuses retaining these customers and growing their business. In particular HVC hopes to enhance sales of some of its prevention services by bundling related services with attractive pricing and promoting these services with signs and brochures. HVC will also make sure that it retains its current positioning as compassionate with pets and their owners.



## **2 Situation Analysis**

This marketing plan begins with an analysis of the market facing Hillside Veterinary Clinic. This includes an assessment of the company, customers, competitors and external market environment. This information is then summarized with a S.W.O.T. (strengths, weaknesses, opportunities, and threats) analysis.

### **2.1 Company Analysis**

Hillside Veterinary Clinic (HVC) is located in the town of Wellington, Colorado. Wellington, with a population of around 4500, is located about 10 miles north of Fort Collins (a city of 130,000) in Larimer County. Wellington is also located 65 miles north of Denver, Colorado and 25 miles south of the Wyoming border. The nearest population center north of Wellington is Cheyenne, Wyoming about 35 miles north.

Hillside Veterinary Clinic has been in operation for 6 years – opened by Dr. Kelly Hardy after she earned her Doctorate in Veterinary Medicine in 2000. The clinic focuses on small animals –most of its patients being dogs and cats with some other small pets such as rabbits, ferrets, hamsters, and guinea pigs. The clinic does not handle larger animals like horses, cows, or pigs. The clinic now has 6 full-time employees – including one veterinarian (Dr. Kelly Hardy), four veterinary technicians, and one office manager. More details about the clinic are noted in the following sections.

#### **2.1.1 Company Objectives and Marketing Objectives**

In evaluating any new opportunities, Dr. Hardy tries to keep focused on the values and goals she has for her business. Her company has developed a mission statement, a set of general goals, and more specific marketing objectives.

Dr. Hardy tries to keep her business focused with the following mission statement:

*It is the mission of the Hillside Veterinary Clinic doctors and staff to provide progressive, high quality veterinary medical and surgical services to our clients and their pets. Our team is committed to improving the quality of life of pets and people by strengthening the human-animal bond.*

Dr. Hardy describes the general goals of her organization as the following:

- No matter how large HVC gets, the clinic must maintain an atmosphere that places great emphasis on compassionate care for the pets they care for and their owners. This will always be HVC's highest priority because it is consistent with Dr. Hardy's personal values.

- To build a larger and more accommodating facility and to offer more pet related services to the community – including kennel services and the sale of pet supplies.
- To purchase the latest state-of-the-art anesthesia machines and monitoring equipment so HVC can continue to provide the most humane care for her clients.
- To hire more staff so that individual pet care can be maintained and enhanced.
- To invest in more in-clinic diagnostic equipment.
- To provide greater information to customers about preventive health care such as vaccinations, parasite prevention, regular physical exams and lab screening, dental prophylaxis, as well as weight control/nutrition programs for pets.

When asked about the objectives for her organization, Dr. Hardy indicated the following:

- In two years, by July 2010, HVC will move to a larger facility that will include kennel services, retail sales, and veterinary services.
- In five years, by July 2013, HVC will double its current sales volume.
  - We need the sales growth to justify the new facility.
  - Most of this new growth will come from new services planned to coincide with the opening of the new facility – these services are not the focus of this marketing plan, but are key to HVC's marketing program.
- In two years, by July 2010, HVC will increase its sales of veterinary services by 30%.
- More generally, she hopes that within two years, in her market area, HVC will be recognized as the *premier veterinary* clinic in the area – known for high quality and compassionate care.

### 2.1.2 Screening Criteria

HVC, through past analysis of its own strengths and weaknesses, evaluation of the market, and its own goals and objectives, has developed criteria for the clinic to evaluate opportunities. The screening criteria help her evaluate and compare opportunities and decide which ones to pursue. These criteria are as follows:

- Investments in new equipment and services should break-even within one year.
- Investments in marketing should contribute to the desired annual growth target of 14%.
- Marketing investments should earn a return on investment of at least 25% before taxes.
- Our reputation for compassionate animal care is the highest priority and no investments, new personnel, or strategy decisions should jeopardize that reputation.



### 2.1.3 Company Resources

The company resources include human resources, financial resources, and facility/equipment resources. The current status is briefly outlined below.

**Human Resources.** HVC has a full-time staff of six people, including four veterinary technicians, one office manager (Karen), and one veterinarian. It should be noted that one of the vet techs – Rick – particularly enjoys interacting with people and has volunteered to do more outside activities. Dr. Hardy currently works about 60-70 hours per week – mostly providing veterinary services to customers. A local veterinary acupuncture specialist comes to the office provide acupuncture services on an as needed basis. The clinic has ready access to highly qualified personnel from the graduates and students at the nearby Colorado State University College of Veterinary Medicine.

In addition, students from out of state often move to Fort Collins to work for a couple of years before attending the College of Veterinary Medicine. This allows the applicant to gain state residency and earn money – these people often seek employment as veterinary technicians. These people have proven to be excellent employees.

In emergencies and for vacations, Dr. Hardy brings in a friend and former veterinarian who currently stays home with two young children. This woman has indicated an interest in some regular part-time work. This may be an opportunity to expand capacity – without the cost of adding a full-time vet.

**Facility and Equipment Resources.** The building is located on the main street in Wellington which offers significant exposure. The building is quite small. Most Wellington residents do at least some shopping on Main Street, which has made awareness of the clinic very high among Wellington residents.

The clinic includes a variety of state-of-the art equipment – more than the average veterinary clinic. Equipment and facilities include:

- One radiograph machine to give in-house x-ray services
- Some in-house laboratory testing equipment
- Gas anesthesia (many veterinary practices use injection only)
- Complete anesthesia monitoring
  - ECG, Pulse oximeter, Doppler blood pressure, Respiratory monitor
  - Trained technicians
- IV infusion pump systems
- Recovery kennels --complete with blankets for ultimate comfort (many clinics just use newspaper)

Emergencies that cannot be handled in-house are referred to Colorado State University's Teaching Hospital or Animal Emergency Services (another local clinic).

#### 2.1.4 Other Marketing Plans (Marketing Program)

Hillside Veterinary Clinic has two additional marketing plans that are currently being implemented or refined. In two to three years, HVC intends to move to a new, larger building. A potential location has been identified, but the clinic wants to build the veterinary services to a higher level before moving ahead with these plans. The two additional marketing plans are both *product development* strategies – which will primarily focus on providing new products for present markets.

One marketing plan focuses on adding kennel services. That marketing plan calls for providing a higher level of service than competitors. Animal pens will be larger than those of competitors and dog walking services will be standard fare.

Another marketing plan calls for HVC to offer pet supplies to its customers through an attached retail store. These additional services have been requested by customers and the situation analysis conducted for these marketing plans provides support for the plans. Both plans are likely to build additional awareness of HVC and its traditional veterinary services which is the subject this current marketing plan.

#### 2.1.5 Present Marketing Strategy

HVC's current marketing strategy for veterinary services involves the following elements.

**Target Market.** The target market includes all families within a 10 mile radius of Wellington with small animals.

**Product.** HVC current offers a wide range of veterinary services including the following:

- Preventative Health Care
  - Vaccinations
  - Spay/Neuter (represents about 10-15% of the sales)
  - Parasite Control,
  - Health Screens through diagnostic laboratory testing
  - Dentistry including cleaning and oral surgery (noted as its most profitable service, currently utilized by only 5-10% of customers)
- Internal Medicine that includes dermatology (allergy and infections), neurology, orthopedics, pediatrics, endocrinology, ophthalmology, gastroenterology, infectious disease, and oncology related services.
- Euthanasia services
- General Surgery -- orthopedics and soft tissue
- Acupuncture treatments are offered by a part-time veterinarian who will come in on call.
- In-depth client education for disease diagnosis and treatment

- HVC offers a puppy or kitten package where customers can pay a set price for all the services their pets need in their first year and receive a 20% discount. This helps retain customers and continue to bring them into the HVC clinic.
- Behavioral counseling
- Grief support
- Individualized care
  - Each pet has its own nurse after surgery

From observation of the clinic and communication with the staff, the main thing that stands out is the high quality, personalized and compassionate care each animal (and owner) receives. HVC takes a personalized approach in dealing with their clients' needs. Dr. Hardy spends extensive time with her clients explaining procedures and giving them options. A survey of current customers (details in the Customer section) suggest that customers view the clinic and Dr. Hardy as place that offers warm and compassionate care in a friendly and "homey" environment for both clients and their pets. Further, as is evidenced by the large amount of new clients based on referrals, HVC's customers are happy with the services they receive and recommend the clinic to their family and friends as a result. This appears to be a key distinguishing factor of the clinic.

Dr. Hardy noted that she is particularly interested in increasing spay and neutering services. These provide a great introduction to the clinic and such customers are usually retained – and have high lifetime value since the services are given to young pets. She also noted that dental services are highly profitable and underutilized by most pet owners. She feels there is a good opportunity to increase sales of these services.

**Place.** Services are primarily offered through the storefront location on the main street of Wellington. House calls are available upon request for additional charges on an as available basis.

- Office hours:
  - 8 a.m.-5:30 p.m. Monday, Wednesday, Thursday, and Friday
  - 8 a.m.-7 p.m. Tuesday
  - 7 a.m. admissions are accepted any day if more convenient for the client
  - House calls are available (including euthanasia)

**Promotion.** The Hillside Veterinary Clinic currently utilizes a number of promotional techniques to acquire and retain customers. These include the following:

- One of the clinic's biggest strategies includes a large lighted sign on the front of the building that can easily be seen on Main Street in Wellington.
- Over the years, the clinic has given out a variety of promotional items – refrigerator magnets, business cards, leashes, bandanas. and food bowls with the clinic name and phone number.
- The clinic recently participated, for the first time, in the *Wellington Parade of Lights* which occurs each December. This appears to be an effective and worthwhile venture. Since Wellington is a small town with small town attitudes, many of its residents go to see this parade.

- Last year several pet related companies – a groomer and a local general goods retailer that sells pet supplies and HVC participated in a *Pet Fair*. Participation involved Vet Techs answering questions and handing out promotional items.
- The clinic also has a small, 1 inch in-column advertisement located in the *Yellow Pages* telephone directory.
- The clinic tries to maintain regular contact with its current customer base. It keeps a database that includes owner names and addresses, pet names, and information about each pet. E-mail addresses are not kept for each customer. Christmas cards are sent to all customers and in the spring each receives a reminder heartworm letter. They also send out a magazine, purchased from another company but customized with HVC's name and phone number, called *Healthy Pet*.
- The following limitations are noted:
  - HVC has no pamphlet listing the services they offer with price ranges.
  - HVC does not have a website that communicates services, hours, and prices to potential customers.
    - When searching online for information about the clinic:
      - On Yahoo.com, one is directed to a Yahoo map that gives the address and location of the clinic but no info about their services.
      - On the two other large search engines, such as Google and MSN.com, HVC does not come up at all. Instead, there is a listing of four other veterinarians in the Wellington area.

**Price.** As shown in the competitor analysis section of this plan, prices charged by HVC tend to be about 20% higher than those of competitors. The higher prices are not seen believed to be a threat to the business. Hardy believes the higher prices are justified by through the company's use of the highest quality of technology and assistance. If asked, the staff takes time and effort to inform their customers as to why their prices are higher than many other clinics. The staff does not believe that it loses many clients due to its higher prices. In general, the only price shopping they observe tends to be for spay/neuter services.

### **2.1.6 Marketing Collaborators - Current and Potential**

HVC works closely with a few outside organizations that help it complete its marketing effort. There are also firms in related businesses that HVC could work with if it wanted to enhance its market offering.

**Specialized Veterinary Service Providers.** In order to expand its available services, HVC refers clients to various specialists when Dr. Hardy does not have the expertise or time to work with a particular patient. These amenities are used for critical care and specialty services such as internal medicine, neurology, oncology, critical care, complex soft tissue and orthopedic surgeries. These experts include – Emergency Animal Service, The Eye Doctor for Animals, Colorado State University Veterinarians, Rocky

Mountain Veterinary Specialists and Peak Veterinary Imaging. Peak Veterinary Imaging is a very useful source of radiological specialists. This company consists of two boarded veterinary radiologists who have a mobile practice and travel to the clinic to perform ultrasounds, echoes, and ultrasound guided biopsies.

**Diagnostic Service Center.** HVC uses Heska Diagnostic Laboratory in Fort Collins to test routine samples.

**Large Animal Vet Clinics.** These clinics are useful to HVC because of their association with animals. The clinics act as indirect competitors because they often fulfill basic small animal health needs such as vaccinations and spay/neuters. Typically these services are offered to pet owners who also have large animals – as a convenience to those customers. These clinics often refer customers to the HVC. Close ties between the HVC and large animal clinics can be beneficial to both parties.

**Dog Shows/Dog Trials.** By being involved with dog trials and dog shows HVC has acquired new customers and raised clinic awareness. Since these dog owners care about their pets a great deal, they are willing to invest time and money into their pets' health.

**Pet Stores.** Because of its plans to eventually offer pet supplies, HVC has not attempted to work closely with any pet stores. PetSmart and PetCo, two superstore chains, have locations in Fort Collins and there are a number of smaller pet stores around. PetSmart offers veterinary services and is unlikely to seek a relationship with a competitor – but PetCo does not offer veterinary services and may be open to working with HVC.

**Animal Shelters.** HVC does not currently have any relationship with Larimer County Humane Society or the Dumb Friends League. These organizations provide spay/neuter certificates – but the reimbursement on these is less than half of HVC's usual charges and at this time HVC does not honor them.

## **2.2 Customer Analysis**

Practical limitations point to restricting initial customer analysis to a 20-mile radius from downtown Wellington, Colorado. While there are few vet clinics north of Wellington, the area is also sparsely populated – most residents have large animals. It would also be difficult to target these groups. South of Wellington, there are many veterinary clinics in the Fort Collins area. Most customers value the convenience of a local clinic, so the focus is on Wellington.

### **2.2.1 Product Market**

The product market for this marketing plan consists of the following elements:

- **Product type:** the veterinary services outlined in the company section under “Product”.
- **Customer needs:** Customers need medical services and advice to care for their pets. They also need these services delivered in a caring and compassionate manner.
- **Customer types:** the final consumers are pet owners and caregivers.
- **Geographic area:** more than 90% of HVC’s customers currently reside within a 10 mile radius of the city of Wellington.

### **2.2.2 Demographic Data on the Target Market**

Customers are located in the geographic area of Wellington, which is situated 10 miles north of Fort Collins. The town’s population is about 4500. The town is growing rapidly because of its relatively affordable housing as compared to nearby Fort Collins. The population has grown 66% in the last five years – similar growth is projected for the next five years. Real estate professionals predict 800 new homes will be built in the next five years – 160 new houses per year. Most of these homes are so-called “starter homes” often bought by young families. From past observation, the clinic’s staff believes that many of these homeowners do not own pets when they move in, but often buy a new pet within the first year or two of home ownership. The median household income in Wellington is \$47,917.

Pet ownership is an ongoing trend in the United States with pet-owning households increasing by more than 1 million each year. National data shows that 25% of households include at least one cat and 32% include at least one dog – and 46% have a cat or dog. From experience, the clinic staff believes that Wellington families tend to own dogs at a little higher rate and cats at a little lower rate than the national numbers.

The large majority of clients come from within a 10 mile radius of the city limits and will be our main focus for current and potential customers. HVC’s current client base numbers 1,200. Each customer owns an average of 2 pets. Dogs make up 70 percent

of vet visits, cats about 28% and other small pets (e.g., rabbits, gerbils, hamsters) the final 2%. In 2008, clients' pets visited the HVC two times on average.

### **2.2.3 Current Customers**

To get a better understanding of current customers, HVC's office manager (Karen) and Dr. Hardy were interviewed and 40 current customers completed a survey.

#### **2.2.3.1 Data base of current customers**

According to HVC office manager, current customers could be put in two broad categories. About a quarter of HVC's current customers are from the farming and ranching community – living outside the city limits. These customers tend to be more price sensitive and do not see much reason to spend money on preventive health care or dental services.

Town dwellers are the bulk of the business – and the fastest growing group. As more tract housing is built in Wellington, this will continue to be the growth market for HVC. These customers tend to be less price sensitive than the farmers and ranchers and view their pets as part of their family. They seem to value personalized care, attention from the doctor and vet techs. They are also more open to suggestions for preventive health care and dental services. Although from experience, it usually takes them some time to think about these ideas – they often use these services after the second or third time it is mentioned.

A review of the customer database showed 1200 active pet owner customers – who have made a visit to the clinic within the last two years. The majority of their customer's own dogs and cats, which accounts for 1306 dogs and 571 cats.

#### **2.2.3.2 Survey of Current Customers**

In order to get a better understanding of their current customers, a paper and pencil survey was designed. The purpose of the research was to learn a bit more about customers, to find out their attitudes toward their pets, to evaluate their receptivity to some potential new services, and to find out about their access to and use of the Internet.

The survey was completed by a convenience sample of 40 HVC customers who were asked to complete the survey while they waited during a visit to the clinic in March 2006. Almost all of those asked actually completed the survey. A copy of the survey including all the results is shown in Appendix A. Some of the key findings include the following:

- 100% of these customers own dogs and 48% owned cats.

- 93% of the customers considered their pets to be a “family member.”
- Five factors were all found to be important to customers – but “Expertise of the vet staff,” and “Friendly customer service” had the most listings as “very important.”
- 88% indicated that having a “Location close to my home” was important or very important. And 83% lived within 10 miles of the clinic – suggesting a focus on customers in Wellington or a short drive away.
- Among possible new services, customers were most interested in seeing HVC add “Evening hours” (38%) and “Boarding” services (33%).
- 85% of respondents indicated the current hours are sufficient.
- Satisfaction level appears to be quite high, with only 5% indicating they had ever been dissatisfied with the clinic – and 90% indicating that HVC was the only vet clinic they used.
- 98% of customers had access to the Internet and only one of those did not have an e-mail address – so 95% of all these customers have an e-mail address.

#### **2.2.4 Customer Needs – Possible Segmenting Dimensions**

Dr. Hardy asked her staff to generate a list of possible customer needs as they related to veterinary services. She understood that the clinic should not try to meet all customer needs, but wanted to know what the staff believed were customer needs.

The following list includes customer needs that were identified – but were not chosen as needs that HVC would try to address.

- Low costs/low prices
  - While this might appeal to a limited set of customers, the clinic’s traditional emphasis on care and taking time with owners and pets makes it difficult to be profitable while also offering low prices. This option also is not consistent with current screening criteria.
- Mobile clinic – visiting pets at their owners’ homes
  - Competitors provide this service.
  - While this would fit with the clinic’s goal of compassionate, personal care, would sacrifice the ability to provide good care to more customers at the clinic.
- Add services for large animals
  - Another vet could be hired to provide these services (Dr. Hardy does not have this specialty), but most of current customers do not have these needs and the current facility does not fit well with providing good service to large animals.
- Convenient location
  - Moving to a new location in the short run is not practical. A new location is being planned for and will be in the same general area so that it remains convenient to most customers.
  - Other options – such as adding a satellite office – were considered too costly.



- The current location is convenient to the vast majority of current customers and allows some to fit in some shopping on the same trip.
- Treatment of exotic animals
  - Some veterinarians specialize in the treatment of exotic animals. This requires additional training, which Dr. Hardy does not currently have.
  - The local market has very limited call for this need – given the small size of the market, the clinic chose not to address these needs directly but to make referrals to clinics that could provide these services.

HVC feels that it can deliver on the following customer needs – and that these needs are consistent with its current screening criteria.

- Compassionate treatment of animals
  - This is part of the current approach to the market and consistent with Dr. Hardy's personal values.
  - While this is a customer need, customers only learn that HVC delivers on this need after visiting the clinic. Marketing communications do not emphasize this benefit of HVC's services.
- Compassionate treatment of owners
  - This is part of the current approach to the market and consistent with Dr. Hardy's personal values.
  - While this is a customer need, customers only learn that HVC delivers on this need after visiting the clinic. Marketing communications do not emphasize this benefit of HVC's services.
- High quality medical care
  - This also fits with the current approach and facilities. Over the last few years the clinic has invested in state-of-the-art diagnostic and treatment equipment.
  - While this is a customer need, customers only learn that HVC delivers on this need after visiting the clinic. Marketing communications do not emphasize this benefit of HVC's services.
- Treatment of small animals
  - This is the current focus of the clinic and is consistent with the clinic's expertise and facilities.

### **2.2.5 Identification of qualifying dimensions and determining dimensions**

HVC believes the following market segments could be combined and approached with a similar marketing strategy.

- Qualifying dimension: owners of cats, dogs and other small animals
- Qualifying dimension: living within 20 miles of Wellington, Colorado
- Determining dimension: pet owners that value high quality care that is compassionate and personalized.
- Determining dimension: currently a client of HVC or not

HVC believes that different marketing strategies are needed for customers who already utilize HVC's services and pet owners who use another veterinarian, are new to the area, or who obtain a new pet.

### **2.2.6 Identification of target market(s) (one or more specific segments)**

Therefore, HVC's marketing strategy may have to be adapted to these two target markets:

1. Pet owners with small animals living within 10 miles of Wellington, Colorado who are not currently customers of HVC.
2. Pet owners with small animals living within 10 miles of Wellington, Colorado who are currently customers of HVC.

## **2.3 Competitor Analysis**

The northern Colorado market can be pretty competitive for veterinary services. Each year hundreds of new veterinarians graduate from the Colorado State University College of Veterinary Medicine in nearby Fort Collins. Many of these graduates want to stay in the local area – so they open a practice or join a local clinic, often for below market wages.

As noted in the customer section, most customers make an initial screening of veterinarians based on location – choosing a vet that is located relatively close to their home. We identified four veterinary practices that seemed to target the same geography and addressed similar customer needs. Key information about each of the major competitors – and similar information about Hillside Veterinary Clinic – is shown in the competitor matrix in Appendix B. Competitive information was gathered by reviewing yellow pages advertising for each competitor or by contacting each by phone and asking questions about prices and services offered. Each clinic was asked for spay and neuter prices because the services are widely used, relatively comparable from clinic to clinic, and these represent important services that help a clinic acquire new customers.

Comparing HVC to its primary competitors, see matrix in Appendix B points out competitive advantages and competitive disadvantages. These are outlined below.

Competitive disadvantages for HVC:

- When these competitors were compared to the HVC, some disadvantages for HVC are the hours of operation and the price of the neutering and spaying operations. The HVC is not open on the weekends and East Side Animal Hospital and Flatiron Veterinary Clinic are open on the weekends.
- The cost for the spaying and neutering operations was higher for HVC than for the other clinics – although this does not take into account the discounted puppy/kitten package of bundled services. HVC tests blood work before surgery using its in-house lab facility. The other reason the price is higher is for the more expensive type of anesthesia that is used. Dr. Hardy feels it is the best and safest type to use.

Competitive advantages for HVC include:

- HVC is the only clinic that would schedule appointments at seven in the morning.
- HVC utilizes the services of an acupuncture specialist – only offered by one competitor.
- Gives individualized care (holds animal when it comes out of surgery)
- Offers more services (Grief support, dentistry, in-house laboratory testing, and IV infusion pump system)

## **2.4 Analysis of the Market Context – External Market Environment**

### **2.4.1 Economic Environment**

The regional and local economies continue to be flat or declining. Pet care has been known to be robust to economic conditions – considered a bit recession proof. On the other hand, a poor economy can make it more difficult to sell customers on preventive health care products.

### **2.4.2 Technological Environment**

The technological environment is changing rapidly in a variety of ways that may affect HVC's business:

- Veterinary medicine relies to a much greater extent on technology as new diagnostic equipment becomes available. Lower prices for this equipment make it easier for veterinary clinics to do more services in-house. This may be a greater advantage for larger clinics, which may be able to make greater utilization, and therefore more easily cost justify more expensive equipment. An example of this increased technology is the laser technology that de-claws animals. It is a faster and easier procedure and is less painful for pets. This will eventually become a common piece of equipment for vets to have.
- The growth of the Internet continues to impact how customers shop. Increasing expertise in this area makes the cost of building a website more reasonable.
- There are a growing number of affordable off-the-shelf software products that allow small service firms to develop customer relationship management databases. Some of these are customized for veterinary clinics.

### **2.4.3 Political and Legal Environment**

State and local laws regulate some of the care that must be given to pets. For example, dogs and cats are required to obtain rabies vaccinations at 4 months and then 2 months later. Regulations also specify that the owner must obtain a license within 14 days of obtaining the animal.

Currently, there are no limitations on the number of animals a person may own. There are specific regulations enforced, with regard to the care of animals. One such regulation specifies that a person should only have animals that they can properly care for in healthy conditions, and these animals should not be bothersome to the neighbors. These rules emphasize the importance of the community, and animals living together in a safe and healthy environment.

Recently an animal cruelty law was passed that made it a felony for any animal abuse. It is now much easier to prosecute pet owners who abuse animals. Therefore, there will be more pressure on pet owners to care, feed, and treat their animals with respect. It

will also be crucial for pet owners to get the necessary vaccines and vet treatments for their pet.

#### **2.4.4 Cultural and Social Environment**

HVC reflects many of Wellington's small town values. HVC customers value that the staff greets them by name when they come into the clinic. The friendliness of the staff keeps the customers happy, valued and welcomed. Many customers walk to the clinic, and enjoy the fact that they don't have to drive to the vet's office. Some clients have been with the HVC since the start of the clinic, and have enjoyed going to the same location for years and watching it grow and change.

There is some risk that growth and an eventual move to a larger location will make it more difficult to maintain the small town values. It may become more difficult for the staff to remember customer names and pet names. As the facility expands, an additional vet may need to be hired. Which means some current customers will have to see a different veterinarian other than Dr. Hardy – which may also jeopardize established relationships. Pets and their owners get attached to their vet and it can be difficult for people to change.

Pet health care expenditures spiked immediately following the terrorist attacks in 2001. It was suggested that this was a side effect of the "cocooning" that followed these attacks – with more people staying close to home and perhaps bonding more with their pets.

A recent story of animal abuse brought animal care to the local headlines. A woman was charged with cruelty to animals when she was found to be running a puppy mill with 60 puppies crammed into 10 cages.

## **2.5 S.W.O.T. and Key Factors from Situation Analysis**

The situation analysis gives insights about the company, customers, competitors, and external marketing environment in which Hillside Veterinary Clinic operates. In reviewing this information, the data can be summarized in a SWOT analysis that highlights Hillside's strengths and weaknesses – and the opportunities and threats in its current market. These are summarized in the following sections.

### **2.5.1 HVC Strengths**

HVC's strengths include the following:

- Location on Wellington's main street creates high awareness
- Staff is extremely informed, highly trained, has great people and communication skills
- About 70% of customers come from referrals
- Good reputation in the local community
- Wide range of services offered
- Strong ethical principles
- Emphasis on quality care and customized attention
- Quality and technologically-advanced equipment
- High standards for staff and services
- The clinic's atmosphere – comfortable and homey, not intimidating (ex. pictures of patients posted on wall)
- Excellent "bedside manner"
- Differentiation comes from service level offered – including:
  - One nurse assigned to each patient,
  - Safer type of anesthesia used,
  - Fluid support given while animal recovers
  - Outpatient care, have pets and owners best interests at heart (ex. they use plastic kennels rather than metal and give blankets instead of newspaper).
- Willingness to increase marketing budget if justified

### **2.5.2 HVC Weaknesses**

HVC's weaknesses include the following.

- Small facility – not enough exam rooms for amount of business performed
- In the short-term, facility and veterinarian availability constrain growth options. Adding an additional vet alone will not help, since there are limited examination rooms.
- Lack of parking availability

- Higher-than-average pricing
- Understaffed – people have to work very hard to offer the level of service they strive to give
- Lack of business knowledge
- Lack of attention focused on marketing/promotional strategies
- The current website only includes a single page with address and phone information

### **2.5.3 HVC Opportunities**

Opportunities for HVC include the following:

- Direct competitors in Wellington and surrounding areas are few
- Fast growing community – particularly growth in local new housing developments
- Many cross-selling opportunities – customers do not seem to buy other preventive health services for their pets.
- First mover advantage – they are the first clinic in town
- Set competitor entry barriers by setting high standards for staff and services
- Some local customers use other vet clinics – there are opportunities to attract new customers from the local market.
- Constant advances in technology

### **2.5.4 HVC Threats**

Threats for HVC include the following:

- As Wellington grows, it is increasingly likely to attract more competitors – particularly with Colorado State University graduating so many vets each year.
- A Fort Collins-based clinic could set up a satellite branch or a new clinic may open in this area.
- The relatively lackluster local economy – rising interest rates threaten the housing boom that has fueled Wellington’s growth
- The slowing economy could reduce discretionary income and cause pet owners to become more price sensitive and to reduce spending on preventive health care for their pets.
- Potential loss of “small town ambiance”
- Potential loss of existing clients (if facility moves to a new location)

### **3 Marketing Plan Objectives**

This marketing plan focuses specifically on the primary veterinary services offered by Hillside Veterinary Clinic. After reviewing the situation analysis, HVC believes that two opportunities offer the greatest opportunity to grow the clinic. First, they hope to take advantage of the population growth in Wellington and attract customers who move to the area. Once customers come to HVC, they tend to be very loyal to the clinic – so it is important that anyone new to the area choose HVC for vet services. To maintain that loyalty, the clinic must make sure that it continues to provide the high quality customer service, compassionate treatment, and veterinary services that create this loyalty.

Second, HVC believes that current customers do not utilize enough of the clinic's preventive health care services. Dr. Hardy feels most pets would have a higher quality of life and live longer if they took advantage of some of these services. She particularly believes that two services are under-utilized: 1) dental services (annual teeth cleaning) for dogs and cats would benefit patients – and the services are also profitable for the clinic and 2) health test screenings which are now used almost exclusively when an animal is sick, but can be used as part of an annual check-up. So the clinic will also attempt to grow these services.

Taking advantage of these opportunities, HVC sets the following objectives for this marketing plan:

- Within two years, the number of customers (currently 1200) will increase by 15% 180 (to 1380).
  - Most of this new growth will come from new homeowners in the area. But additional growth will occur by converting local customers to HVC through promotional efforts.
- The retention rate of current customers will remain at 95% (not counting those who leave the area).
  - This is an estimate of the current customer retention rate.
- Within two years, 30% of customers will have annual dental examinations and teeth cleanings done on their dogs (up from 5-10% today).
- Within two years, 30% of customers will have had a well-pet health test screening on their dog or cat at least every two years (up from 7% today).



## 4 Differentiation and Positioning

An evaluation of Hillside Veterinary Clinics' strengths and weaknesses, their competitors, and their customers provides insights into opportunities for differentiation and positioning. This review suggests that HVC can be differentiated from the competition by its high level of customer service, compassionate health care, and location in Wellington. These points of differentiation lead to the following statement to describe HVC's desired positioning:

*For all small pet owners within a 10-mile radius of Wellington, Colorado, Hillside Veterinary Clinic provides the most compassionate and personalized care of all local veterinary clinics, because its staff loves animals and provides excellent customer service for both pets and pet owners.*

This positioning and differentiation will help drive the marketing strategy decisions that follow.

## **5 Marketing Strategy**

Because two different, but related, target markets were identified for HVC's veterinary services, two strategies are proposed. The first target market includes non-customers and involves a marketing strategy to attract these customers to try Hillside Veterinary Clinic. The second target market focuses on current customers – and objectives focus on increasing their use of health screening and dental services. HVC also wants to continue to have high retention of its current customers. Some of the elements of the marketing strategy directed at one target market will also serve the other target market – those situations are noted.

### ***5.1 Target Market 1 – Non-Customers***

The first target market for HVC will be pet owners with small animals living within 10 miles of Wellington, Colorado who are not currently customers of HVC.

A quick summary of the marketing tactics directed toward this target market is followed by a more detailed explanation of each tactic:

- Product – Bundled Service Package for Puppies and Kittens
- Promotion – Logo and Slogan
- Promotion – Participation in Community Events
- Promotion – Create a Large Vinyl Sign
- Promotion – Yellow Pages Advertising
- Place – Extended Clinic Hours
- Place – Long Term – New Facility
- Price – Prices to be Adjusted for Inflation

#### **5.1.1 Product – Bundled Service Package for Puppies and Kittens**

HVC currently offers a bundled service package for puppies and kittens. Since this program targets young pets, the lifetime customer value will rise per patient if this program is a success. Success can be defined as retaining those clients for the life of the animal – assuming the person continues to live in the local area. The primary goal for this program will be to acquire new customers for the clinic. Many of the families buying a new home in Wellington follow that purchase by getting a pet – typically a puppy or kitten. The cost savings will provide an incentive for them to come to the clinic and experience first-hand the high quality care from HVC. This should be the first step in creating a lifelong relationship between the clinic and the pet owner.

This package includes spay or neuter, all vaccinations, a book on puppy or cat care and training, and coupons for grooming services. This also includes a free one-year-old

check-up. Each package will continue to be priced at \$129, a 10% discount on the services and goods if ordered separately.

### **5.1.2 Promotion - Logo and Tagline**

Hillside Veterinary Clinic does not currently have a logo or slogan. HVC will work with a local design firm to develop a logo that reinforces the positioning themes of compassionate and personalized care offered by its staff. HVC has used the phrase – “we treat pets like family.” This tagline captures the positioning and shall continue to be used. A designer will be hired to develop the new logo – and to design other elements of this plan including brochures, refrigerator magnets, bandanas, letterhead, business cards, and signage.

### **5.1.3 Promotion - Participation in Community Events**

Events in the community of Wellington are a way for HVC to enhance their reputation and create more awareness of their business. Residents of Wellington appreciate the small town and tend to want to support local businesses that also support the town.

Previously HVC participated in the *Parade of Lights* and *Pet Fair*. These have been very positive experiences – creating a positive image in the community and introducing new customers to the clinic. This program will be expanded and formalized in the coming year, and HVC will participate in the following events:

- *Community Easter Egg Hunt*, held annually on Easter weekend.
- *Wellington Town Garage Sale*, held annually in May.
- *Family Fun Fest*, held annually on July 4<sup>th</sup>
- *Wellington Pet Fair*, October
- *Parade of Lights*, held annually during the Christmas season.

When involved in these events HVC must not only interact with the public but also proactively sell themselves through various tactics. One of these tactics would be to use banners to generate customer awareness or serve as a reminder. The banners would be displayed somewhere visible to people passing by such as wrapped around the front of a table at the *Wellington Pet Fair*. They could also encourage people to stop by the conveniently located clinic to check it out by having “stop in and visit our clinic” on the banners. Business cards as well as color brochures would be available or handed out to people. The clinic’s dogs could also be present wearing the HVC bandanas – the dogs can help create a face for HVC, support the “we treat pets as family” slogan, and serve as conversation “ice breakers” with passers by. When it is possible to have some sort of table or booth at events the clinic could also have brochures and swag (e.g., bandanas and refrigerator magnets).

These activities will also help to remind current customers (the second target market) and demonstrate HVC’s commitment to the community.

#### **5.1.4 Create a Large Vinyl Sign**

HVC will purchase two large – 3 foot x 5 foot vinyl signs. The sign will include the name of the clinic, the company's tagline, and its new logo. This size sign can be placed on the front of a table and/or around any special events where HVC participates.

#### **5.1.5 Promotion - *Yellow Pages* Advertisement**

New residents to an area are known to use the *Yellow Pages* to find goods and services in a new community. HVC knows that about 10% of current customers learn about the clinic from these ads. HVC's ad is undersized in comparison with many of the other small animal veterinary clinics. East Side Small Animal Hospital, has a full page color ad with a lot of description whereas HVC only has a 1 inch in-column black and white ad with limited information.

Therefore, in the next edition of the *Yellow Pages*, the ad will be a 3 inch in-column ad, adding color and emphasizing: the Wellington location, listing of key services new clients would most likely be interested in using (spay/neuter and vaccination), bundled services (described later), and include their new logo and slogan, which conveys their caring quality.

Current customers may also look in the *Yellow Pages* to find HVC's phone number, so the ad will also serve this second target market.

#### **5.1.6 Place – Extended Clinic Hours**

HVC operates its current facility at near capacity. There is no way to expand the current facility – there are occupied buildings on either side and ordinances prevent building out the back. Without the new facility – which is not certain or anticipated for at least two more years – the only way to increase capacity will be to offer longer hours. This change also addresses something that some customers indicated they wanted to see when they filled out the survey.

Therefore the clinic will increase the hours it is open from the current 49 hours per week to 57.5 hours per week. The new hours will be: Monday-Thursday from 8:00 a.m. to 7:00 p.m.; Friday 8:00 – 5:30; and Saturday 8:00 – 12:00 noon.

New staff will be needed to implement this element of the plan. It will require additional hours from a veterinarian, as Dr. Hardy will be unable to work all these hours. At least for the first few months, vet techs could have their schedules adjusted but additional hours would not be needed. A part-time receptionist will also be hired.

- Clinic hours will not be extended until September – to save money and in time for the busier fall season (summer tends to be a slower time of year). Promotion of clinic hours will occur in the first year with signs inside the clinic.
- Dr. Hardy believes that a veterinarian friend that currently comes in occasionally – to fill in for vacations or in other emergencies – will want to have more stable and regular, but part-time hours.
- A part-time receptionist will be hired in August.

This element of the marketing strategy will also appeal to current customers, some of whom have indicated a desire for evening and weekend hours.

### **5.1.7 Place – Long-term – New Facility Anticipated**

HVC intends to build a new facility in about two years. While this marketing plan anticipates the new facility, it does not directly address those plans. The new facility will attract new customers and help retain customers as well.

### **5.1.8 Price - Prices Will Be Adjusted for Inflation**

HVC believes that it is important to raise prices every one to two years – so that prices do not become so low that large increases must be mandated to catch up with inflation. HVC does not want to compete on a price basis and current prices are higher than the competition. Further, higher prices are necessary for the staffing required to deliver the caring and compassionate service that HVC strives to maintain. Higher prices can also carry higher quality expectations from customers – many of whom are willing to pay higher prices for the convenience, service, and quality that HVC is known to deliver. Finally, current prices are already about 20% above the local competition.

Prices were raised about 5% about 6 months ago – so price increases will not be done until the end of the coming year. Based on inflation, price increases are anticipated to be about 5%.

This element of the marketing strategy also addresses the current customers target market.

## **5.2 Target Market 2 – Current Customers**

The second target market in this marketing plan involves retaining and growing current customers.

- Product – Compassionate Care
- Product/Price – Bundled Service Packages for Dental Services and Geriatric Pet Care
- Promotion – In-store signage and point-of-purchase material
- Promotion – Website Design
- Promotion – Customer Database Enhancement
- Promotion – Brochures to Describe Clinic and Key Special Services
- Promotion – Swag

Some of the elements of the marketing strategy that primarily target customer acquisition will have the additional benefit of helping retain and grow business with current customers. These elements are described in detail in Section 5.1:

- Promotion – Logo and Slogan
- Promotion – Participation in Community Events
- Promotion – Create a Large Vinyl Sign
- Promotion – Yellow Pages Advertising
- Place – Extended Clinic Hours
- Price – Retain current pricing program

### **5.2.1 Product – Compassionate and Personalized Care**

HVC delivers compassionate and personalized care. As HVC grows and possibly hires additional staff, it is important that the company continue to deliver on these high standards. This will be achieved by carefully hiring employees who share HVC's core values. These will be closely monitored, because continuing to deliver service that meets these standards is critical.

### **5.2.2 Product - Bundled Service Packages for Dental Care and Geriatric Pets**

Bundled service packages create value for HVC, customers, and their pets. The bundled packages will be offered at price discounts compared to the purchase of individual services. This creates value for the customer. The package encourages pet owners to spend more on their pets, and increases the revenue received by HVC. The pet receives better quality care. The bundles also help customers become more aware

of the personalized care and quality of service provided by HVC. With only limited promotion, HVC has had some success with its Puppy and Kitten bundles.

Similar packages will be introduced for dental services – and later one targeting older pets with specialized geriatric pet services. The specific packages are described below:

**Dental Service Package.** Dental services provide significant health benefits for cats and dogs – and provide a good profit margin for HVC. The dental package includes the following:

- Standard medical examination
- Health screen six and CBC (complete blood count)
- Dental radiographs (x-rays)
- Teeth cleaning from Dr. Hardy or the vet tech trained in this area
- A short training session on teeth brushing for the dog/cat owner
- Dental Kit by Pet Dentist (a kit that includes toothbrush, toothpaste, and breath mints designed especially for dogs/cats)
- Sample package of Greenies Dog/Cat Treats – designed to clean teeth and freshen breath

The total cost of these goods and services if purchased separately would be \$215, but will be priced at \$189. The package provides higher perceived value to customers and helps them get more actively involved in their pet's health care. Once customers get into the habit of this service, there will be less work to give the annual check-up.

This product will be introduced in the next two months. A promotional brochure and point-of-purchase signs that describe the benefits; and procedures will be created to support this product. The vet techs and Dr. Hardy will make efforts to mention the service to customers who are in for other reasons.

**Geriatric Health Care Package for Dogs and Cats.** This package is designed for dogs and cats six years of age or older. The package would be targeted at pet owners with aging animals and consists of the following services:

- Standard medical examination
- Health screen six and CBC (complete blood count)
- Urinalysis
- ERD Screen (kidney screen)

Customers will receive these services, a \$165 value (if purchased separately) for \$139. This gives customers cost savings, encourages purchasing more services for their pet and enhances their pet's quality of life.

This product will be introduced in 2009 – about one year from now. Adaptations to the product or promotion will be made based on experiences with the dental services package.

A promotional brochure and point-of-purchase sign describing the benefits and procedures will be created to support this product.

### **5.2.3 Promotion – Point-of-Purchase Materials and Brochure Shelf**

Currently, HVC has no signage or point of purchase materials. The store's large counter top – where customers check in and check out – is currently bare. Small 8.5" x 5" laminated stand-up signs (which work like picture frames) will be placed on the counter tops. Four signs will be purchased – one each promoting the three bundled packages (puppy/kitten, dental services, and geriatric pet care) and one promoting the clinic. The signs will be rotated – keeping two on the counter at any one time.

A shelf will be created to hold the clinic's new brochures. The shelf will be placed next to the countertop at check out and will hold four different brochures.

### **5.2.4 Promotion – Website Design**

A newly created website can include features that appeal to current customers. This may be achieved in several ways:

- A home page will give basic information about the clinic – phone number, office hours, e-mail address, logo, slogan, etc.
- Separate pages will show photos of staff members and their pets – to help personalize the people and clinic
- Photos and descriptions of the Clinic mascots – Dr. Hardy's two dogs and three cats.
- A customer photo page – which allows for photos of customers and/or their pets
- A page will list the main services offered by the clinic and provide links to detailed descriptions of each service. This allows for customer education about the services, demonstration of the high quality and state-of-the-art equipment the clinic utilizes, and to emphasize the extra efforts the clinic uses to provide compassionate and individualized care for pets and their owners.

This plan results in approximately 10 web pages. Longer term, the site can be expanded to meet customer needs.

The website will also help to attract new customers – the other target market in this plan.

### **5.2.5 Promotion – Customer Database Enhancement**

The initial cost of development and investment in a customer relationship management program is beyond HVC's available time and financial resources at this time. On the other hand, it is anticipated that such a program will be cost justified in a few years. At



this time, it is essential that appropriate data be captured for each customer. The company currently has a very simple customer database that tends to include only limited information for each customer. In the next couple of years HVC must make sure that the data on each customer is complete in anticipation of a migration of this data to a more sophisticated CRM package. Specific data to be collected on each customer:

- Name, address, phone and e-mail
- Detailed information about each pet
  - Name
  - Breed
  - Vaccination records
  - Prescription/medication records
  - Services purchased by pet
  - Food – brand/type
  - Other pertinent information

At some time later, this information may be included into a more sophisticated program to allow for scheduling reminders and mailing of customized promotions.

### **5.2.6 Promotion – Brochures to Describe the Clinic and Key Special Services**

The clinic will create three different 8.5 x 11 inch, tri-fold brochures – a full color brochure will be used to promote the clinic in general. Two black and white brochures will promote the puppy/kitten services and dental health services bundles. The brochures will be designed by the same designer hired to create the logo and to design other promotional materials. The brochure should include contact information, various services, benefits to the pet and the owner, and possibly testimonials.

Brochures will be made available at the front counter of the clinic so customers can easily grab one to take and read. They will also be provided at any type of community/ promotional event HVC attends. Brochures can be placed on the tables or other areas where they are clearly accessible for people to take.

Three different brochures will be created:

- Overview of HVC – Services and Staff
  - Brochure would be made available in the clinic.
  - Brochure would be handed out at community events.
  - Brochure could be distributed in the new residence packet – this is a packet given to each new resident.
- Puppy/Kitten Service Bundle – description and prices
  - Brochure would be made available in the clinic.
  - Brochure could be mailed to customers on request.
  - Brochures could be distributed at the local humane society and by interested breeders in the area who currently use HVC.

- Dental Health Care Service Bundle – description and prices
  - Brochure would be made available in the clinic.
  - This brochure could be handed out to interested customers – following a discussion of the service on a routine visit to the clinic.

### **5.2.7 Promotion – Swag**

HVC will use two different types of swag – free promotional materials – as giveaways at the clinic and when appearing at various community events. The items will include:

- Refrigerator magnets. Business card sized refrigerator magnets with the HVC name, logo, phone number and website address.
- Bandanas. Bandanas with the HVC name and logo – many local dog owners like to put bandanas around their dog's necks.

## **6 Implementation and Control**

This section on implementation and control outlines key details related to implementing the marketing plan.

- Special Implementation Problems to Overcome
- Control
- Budget and sales forecasts
- Timing of implementation activities
- Contingency plans

### **6.1 *Special Implementation Problems to Overcome***

The plan will require the hiring of two additional part-time employees. These employees are necessary to staff extended office hours. One new employee would be a part-time veterinarian who has already been identified. This person would work about 15 hours per week – currently a part-time vet occasionally works at the clinic about. Annual cost for this additional person would be about \$1250 per month. It would also be necessary to hire a receptionist to work the extra hours. Currently the office manager also works as a receptionist. This person would work about 20 hours per week. Incremental cost would be about \$750 per month.

### **6.2 *Control***

The objectives for this marketing plan outline specific targets for increased sales of some products, overall sales, and number of additional customers. These goals will be monitored on a monthly basis with a report developed by our office manager (Karen) for Dr. Hardy.

HVC also wants to assure that it continues to deliver compassionate and individualized care to its customers. To assure this important aspect of the clinic is not lost, this will be monitored. Beginning in January, we will give each customer be given a post card addressed to HVC following each visit. The post card will have three questions on the back:

- Would you recommend Hillside Veterinary Clinic to a friend? Yes/No
- On this visit to Hillside Veterinary Clinic, did you receive compassionate and individualized care for your pet? Yes definitely, yes somewhat, no.
- Do you have any comments for Hillside Veterinary Clinic? [create a box for comments]

HVC will monitor this information on a monthly basis to assure that sales targets and customer service delivery maintain high standards.

### **6.3 Budget and Sales Forecasts and Estimates**

#### **6.3.1 Total Marketing Plan Related Budget**

<b><u>Marketing Tactic</u></b>	<b><u>Cost</u></b>
Customer satisfaction survey post cards	\$100
Brochure for Puppy/Kitten bundle (500)	125
Brochure for all clinic services (1000)	500
Brochure for dental services bundle (500)	125
Design services for logo and various promotional materials	500
Website design (including purchase of URL and one year maintenance)	750
Participation in 5 community events (costs for planning/attendance)	750
Vinyl signs and point-of-purchase signs	175
Costs for running ad and training new personnel	250
Yellow pages advertisement	2520
Personnel needed for extended clinic hours (4 months)	8332
Refrigerator magnets (1000)	224
Bandanas (600)	455
Total costs for implementing marketing plan	\$14,806

### 6.3.2 Marketing Plan Related Expenses by Month

For cash flow planning purposes, the anticipated expenses are shown on a monthly basis

<u>Month</u>	<u>Major Expenses*</u>	<u>Cost</u>
January	Customer satisfaction surveys, design services	\$810
February	Brochures	960
March	Signs, magnets, bandanas	1064
April	Community event	360
May	Community event	360
June	Website design	585
July	Website design, community event	735
August	Ad and training for part-time receptionist	460
September	Personnel for longer hours	2293
October	Personnel for longer hours, community event	2443
November	Personnel for longer hours	2293
December	Personnel for longer hours, community event	2443

\* Yellow Pages ads bill monthly at \$210

### 6.3.3 Pro Forma Income Statement

	<b>2008</b>	<b>2009</b>	<b>2010</b>
Sales revenue	\$375,000	\$430,000	\$485,000
Expenses			
Labor costs	250,000	285,000	320,000
Operating expenses	75,000	77,500	80,000
Marketing expenses	3174	6000	7500
Depreciation	7,300	7500	8000
Net income	\$39,526	\$54,000	\$69,500

#### Notes:

- Sales revenue growth assumes the marketing plan objectives outlined in this plan are achieved.
  - 15% growth in total customers over two years will increase revenues by an estimated \$60,000
  - More aggressive promotion of dental services package and geriatric dog care package will result in an additional \$30,000 in sales growth over two years.
  - Price increases of 5% over that time will yield about \$20,000
- Routine operating expenses include various fixed costs including lease payments and loan payments on equipments, insurance,
- The costs of additional personnel, their hiring expenses and training are included in operating costs – even though earlier analysis notes these costs are part of implementing the marketing plan.

## 6.4 Timing of Implementation Activities

The implementation of many of the marketing activities will be done by Karen (office manager) who already orders other supplies. In addition, Rick is the vet tech who most enjoys getting out among people – so he will coordinate and attend all event activities with Karen.

<u>Date</u>	<u>Activity</u>	<u>Responsibility</u>	<u>Vendor</u>
November	Sign yellow pages ad	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	<i>Qwest - Yellow Pages</i>
January	Training of receptionist to assure complete	<ul style="list-style-type: none"> <li>• Dr. Hardy &amp; Karen (Receptionist)</li> </ul>	
January	Contract for logo and brochure design <ul style="list-style-type: none"> <li>• Design new logo</li> <li>• Design two brochures</li> <li>• Design refrigerator magnets</li> <li>• Design bandanas</li> <li>• Design signs</li> <li>• Design letterhead</li> <li>• Design business cards</li> </ul>	<ul style="list-style-type: none"> <li>• Dr. Hardy will coordinate with Lisa – our designer</li> </ul>	<i>Specialisa Design Service</i>
February	Print brochures <ul style="list-style-type: none"> <li>• Puppy/kitten package</li> <li>• Dental services package</li> <li>• Clinic list of services</li> </ul>	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	<i>Kinko's Wellington</i>
March	Order new business cards	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	
March	Order refrigerator magnets	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	<i>Magnets.com</i>
March	Order bandanas	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	<i>BandanaMan</i>
March	Order vinyl signs and point-of-purchase signs to promote dental services	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	<i>FasterSigns Fort Collins</i>
March	Develop plan for Easter Egg Hunt (April) and Town-Wide Garage Sale (May)	<ul style="list-style-type: none"> <li>• ~ 2 hours Rick and Karen</li> </ul>	
April	Attend Easter Egg Hunt event	<ul style="list-style-type: none"> <li>• Rick and Karen (maybe Dr. Hardy)</li> </ul>	

May	Attend Wellington Town-Wide Garage Sale event	<ul style="list-style-type: none"> <li>• Rick and Karen (maybe Dr. Hardy)</li> </ul>	
June	Meet with web site designer	<ul style="list-style-type: none"> <li>• Rick, Karen and Dr. Hardy</li> </ul>	<i>Jay's Website Design Service</i>
June	Plan for Family Fun Fest event (July)	<ul style="list-style-type: none"> <li>• Rick and Karen (maybe Dr. Hardy)</li> </ul>	
June	Talk to part-time vet to determine interest – if needed run ads	<ul style="list-style-type: none"> <li>• Dr. Hardy</li> </ul>	
July	Attend Family Fun Fest event	<ul style="list-style-type: none"> <li>• Rick and Karen (maybe Dr. Hardy)</li> </ul>	
July	Develop and run ad for part-time receptionist. Inform staff to spread word-of-mouth for opening	<ul style="list-style-type: none"> <li>• Karen</li> </ul>	<i>Coloradoan</i> newspaper ad
September	Start extended office hours	<ul style="list-style-type: none"> <li>• New hires will be key to starting</li> <li>• Dr. Hardy and Karen to work later to help transition</li> </ul>	
September	Plan for Annual Pet Fair	<ul style="list-style-type: none"> <li>• Rick and Karen</li> </ul>	
October	Attend Family Fun Fest event	<ul style="list-style-type: none"> <li>• Rick, Karen and Dr. Hardy</li> </ul>	
November	Plan for Parade of Lights	<ul style="list-style-type: none"> <li>• Rick and Karen</li> </ul>	
December	Attend Parade of Lights	<ul style="list-style-type: none"> <li>• Rick, Karen and Dr. Hardy</li> </ul>	
	Extended clinic hours	<ul style="list-style-type: none"> <li>• \$1250/month (vet)</li> <li>• \$833/month (receptionist)</li> </ul>	Mid-year



## **6.5 Contingency Plans**

If market conditions change, it may be necessary to re-evaluate elements of this plan or to develop an alternative plan. Potential environmental changes and our plans for addressing them follow:

- Difficulty hiring a part-time veterinarian. While we anticipate our current part-time veterinarian will desire more stable and regular hours, this may not happen. We would then need to look on the open job market where it may not be possible to find a suitable vet.
  - If that is the case, the extended clinic hours program may be delayed.
- Slowdown in housing growth. Growth projections are largely based on continuing growth in the local housing market – which will bring new families and pets to the local area. If this slows down,
  - Delay the extended clinic hours proposal.
  - Delay the new building, currently planned for about two years out.
- Economic slowdown. Customers are less likely to be interested in health care prevention services – so this aspect of the marketing plan will be toned down.
- Faster growth in the housing market. While a housing slowdown may come suddenly, the long lead time for new housing makes faster growth something we can more easily foresee. But if growth appears to be picking up...
  - We will speed up plans for the new building
- New competitor enters the market. The fast growth of the town of Wellington and having CSU's local College of Veterinary Medicine, may result in a new competitor coming into the Wellington market.
  - Extended hours will be instituted earlier – to try to attract more customers.
  - Carefully re-evaluate the entire plan depending upon the nature of the new competitor – work hard to gather reliable information.
  - Consider more aggressive acquisition activities.

## 7 Appendices

### 7.1 Appendix A: Survey of Current Customers

To gather additional information in advance of the development of the marketing plan, a survey of current customers was conducted during March 2006. A convenience sample of 40 current customers completed the survey during a visit to the clinic. The complete survey and percentage responding to each question are included below. Because some questions allowed respondents to circle more than one answer or due to rounding, percentages may not always total 100%.

#### Hillside Veterinary Clinic Customer Survey

This survey has been designed to give us more information about your needs. Please fill out this survey to the best of your ability.

Sincerely...Dr. Kelly Hardy, Hillside Veterinary Clinic

1. How many pets do you bring to Hillside Veterinary Clinic? (Circle one)

1 (38%)      2 (35%)      3 (10%)      4 (8%)      5+ (15%)

2. What type of pet(s) do you have? (Circle all that apply)

Dog	Cat	Bird (0%)	Hamster/Guinea Pig	Ferret	Other
100%	48%	0%	0%	0%	5% (rabbit, chameleon)

3. Please list your pet's type, name and age.

Type:	Name:	Age:
_____	_____	_____
_____	_____	_____

4. Which of the following best describe how you view your pet(s)? (circle all the apply)

Family Member	Companion	Work Animal	Show Animal	Breeding
93%	15%	8%	3%	3%

Other \_\_\_\_ 5% (rescue dog, hunting companion)

5. How many times in the last 12 months have you visited Hillside Veterinary Clinic? (circle one)

1-2	3-4	5-6	7+
38%	23%	23%	18%

6. About how much do you spend each year on your pet(s)? (circle one)

\$0-60	\$61-150	\$151-300	\$301+	No Reply
<b>3%</b>	<b>10%</b>	<b>28%</b>	<b>53%</b>	<b>8%</b>

7. How important are each of the following to you? (please rank)

	Not at all Important	Not very Important	Somewhat Important	Important	Very Important
Location close to my home	1 <b>(0%)</b>	2 <b>(5%)</b>	3 <b>(8%)</b>	4 <b>(35%)</b>	5 <b>(53%)</b>
Convenient hours	1 <b>(0%)</b>	2 <b>(5%)</b>	3 <b>(10%)</b>	4 <b>(50%)</b>	5 <b>(35%)</b>
Expertise of vet staff	1 <b>(5%)</b>	2 <b>(5%)</b>	3 <b>(0%)</b>	4 <b>(13%)</b>	5 <b>(78%)</b>
Quality of equipment	1 <b>(8%)</b>	2 <b>(0%)</b>	3 <b>(10%)</b>	4 <b>(28%)</b>	5 <b>(55%)</b>
Friendly customer service	1 <b>(5%)</b>	2 <b>(0%)</b>	3 <b>(3%)</b>	4 <b>(30%)</b>	5 <b>(63%)</b>

8. What services do you use at Hillside Veterinary Clinic? (circle all the apply)

House Calls	<b>5%</b>	Whelping	<b>0%</b>	Dermatology	<b>13%</b>
Vaccinations	<b>80%</b>	Tick/Flea Control	<b>15%</b>	General Surgery	<b>25%</b>
Spay/Neuter	<b>40%</b>	X-Rays	<b>28%</b>	Behavioral Counseling	<b>3%</b>
Parasite Control	<b>35%</b>	Heartworm	<b>53%</b>	Grief Support	<b>5%</b>
Health Screens	<b>68%</b>	Dentistry	<b>10%</b>	Hip Certifications	<b>5%</b>

9. What additional services would you like to see at Hillside Veterinary Clinic? (circle all that apply)

Boarding	<b>33%</b>	Daycare	<b>10%</b>
Weekend hours	<b>20%</b>	Training	<b>3%</b>
Acupuncture	<b>10%</b>	Other _____	<b>5% (ultrasound, emergency hours)</b>
Evening hours	<b>38%</b>		

10. About how many miles do you travel to get to Hillside Veterinary Clinic? (circle one)

0-5 **(70%)**    6-10 **(13%)**    11-15 **(5%)**    16-20 **(10%)**    21-25 **(0%)**    26+ **(3%)**

11. If Hillside Veterinary Clinic were to expand their facility in the general area, how would this effect your decision to do business with them? (circle one)

Would Not Switch Clinics	<b>90%</b>
Would Consider Switching Clinics	<b>5%</b>
Would Probably Switch Clinics	<b>0%</b>
Would Definitely Switch Clinics	<b>0%</b>
No Reply	<b>3%</b>

12. Are the hours of the clinic sufficient for you? (circle one)

Yes **(88%)** No **(12%)**

If No, what hours would best serve you? (circle all that apply)

Mornings **(3%)** Days **(3%)** Evenings **(38%)** Saturdays **(18%)** Sundays **(0%)**

13. Have you ever been dissatisfied with the Hillside Veterinary Clinic? (circle one)

Yes **(5%)** No **(95%)**

If Yes, explain briefly, \_\_**(“personal – do not want to explain”, “poor treatment from an employee who is no longer working here”)** \_\_\_\_\_

14. Is the Hillside Veterinary Clinic the only clinic you take your pet to? (circle one)

Yes **(90%)** No **(10%)**

If No, What other clinic(s) do you use? **CSU Vet Clinic (2), East Side (2)**

If no, why? **(specialized services at CSU, I like East Side, convenience, hours)**

15. How did you hear about Hillside Veterinary Clinic? (circle all that apply)

Word of Mouth (i.e. Friend, Neighbor, Relative)	<b>35%</b>		
Referral from other Clinic	<b>5%</b>	Pet Fair	<b>0%</b>
Magazine	<b>0%</b>	Sign	<b>40%</b>
Parade of Lights	<b>3%</b>	Yellow Pages	<b>10%</b>
Other _____	<b>8% (newspaper article (2), Heska (1))</b>		

16. Have you recommended the Hillside Veterinary Clinic to anyone? (circle one)

Yes **(88%)** No **(12%)**

17. Where do you purchase your pet food and/or supplies? (please circle all that apply)

Grocery Store	<b>20%</b>
Pet Specialty Store	<b>68%</b>
Discount Store (i.e. Wal-Mart)	<b>35%</b>

18. Do you have access to the Internet? (circle one)

Yes **98%** No **3%**

If Yes, do you have an email address?

Yes **(95%)** No **(3%)** No reply **(3%)**

## 7.2 Appendix B: Competitor Matrix

	<b>Hillside Veterinary Clinic</b>	<b>East Side Small Animal Hospital</b>	<b>Baker &amp; Reid Veterinary Clinic</b>	<b>Flatirons Veterinary Clinic</b>	<b>Fossil Creek Veterinary Services</b>
<i>Nature of practice</i>	<ul style="list-style-type: none"> <li>Small animals, birds and exotics</li> </ul>	<ul style="list-style-type: none"> <li>Small animals only</li> </ul>	<ul style="list-style-type: none"> <li>Equine and small animals</li> </ul>	<ul style="list-style-type: none"> <li>Small animals only</li> </ul>	<ul style="list-style-type: none"> <li>Dogs, cats, and some large animals</li> </ul>
<i>Location</i>	<ul style="list-style-type: none"> <li>Downtown Wellington</li> </ul>	<ul style="list-style-type: none"> <li>10 miles southwest of HVC in Fort Collins</li> </ul>	<ul style="list-style-type: none"> <li>One mile west of HVC</li> </ul>	<ul style="list-style-type: none"> <li>8 miles south of HVC in Fort Collins</li> </ul>	<ul style="list-style-type: none"> <li>Mobile service for Wellington and outlying areas</li> </ul>
<i># of Doctors</i>	<ul style="list-style-type: none"> <li>One</li> </ul>	<ul style="list-style-type: none"> <li>Five</li> </ul>	<ul style="list-style-type: none"> <li>Two</li> </ul>	<ul style="list-style-type: none"> <li>One</li> </ul>	<ul style="list-style-type: none"> <li>One</li> </ul>
<i>Extra Services</i>	<ul style="list-style-type: none"> <li>Housecalls</li> <li>Acupuncture</li> </ul>	<ul style="list-style-type: none"> <li>Emergency services</li> <li>Acupuncture</li> </ul>	<ul style="list-style-type: none"> <li>Ambulatory services, equine reproduction and equine embryo transfer</li> </ul>	<ul style="list-style-type: none"> <li>Grooming, 24-hour emergency care, specialize in dentistry</li> </ul>	<ul style="list-style-type: none"> <li>Mobile – they only make housecalls</li> </ul>
<i>Gas or Anesthesia</i>	<ul style="list-style-type: none"> <li>Anesthesia</li> </ul>	<ul style="list-style-type: none"> <li>Both – depends on animal weight</li> </ul>	<ul style="list-style-type: none"> <li>Anesthesia</li> </ul>	<ul style="list-style-type: none"> <li>Gas</li> </ul>	<ul style="list-style-type: none"> <li>Gas</li> </ul>
<i>Boarding</i>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Yes</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>
<i>Hours of operation</i>	<ul style="list-style-type: none"> <li>MWThF 8-5:30; Tu 8-7</li> </ul>	<ul style="list-style-type: none"> <li>M-Th 7:30-8</li> <li>F 7:30-6</li> <li>Sat 9-1</li> <li>Sun 1-3</li> </ul>	<ul style="list-style-type: none"> <li>Services by appointment only</li> </ul>	<ul style="list-style-type: none"> <li>M-F 8-5:30</li> <li>Sa 9-12 noon</li> </ul>	<ul style="list-style-type: none"> <li>By appointment only</li> </ul>
<i>Prices spay dog/cat*</i>	<ul style="list-style-type: none"> <li>\$200/\$150</li> </ul>	<ul style="list-style-type: none"> <li>\$136-210/\$78</li> </ul>	<ul style="list-style-type: none"> <li>\$125/\$90</li> </ul>	<ul style="list-style-type: none"> <li>\$110/\$85</li> </ul>	<ul style="list-style-type: none"> <li>Unknown – no response to calls</li> </ul>
<i>Prices spay dog/cat*</i>	<ul style="list-style-type: none"> <li>\$200/\$150</li> </ul>	<ul style="list-style-type: none"> <li>\$136-210/\$78</li> </ul>	<ul style="list-style-type: none"> <li>\$125/\$90</li> </ul>	<ul style="list-style-type: none"> <li>\$110/\$85</li> </ul>	<ul style="list-style-type: none"> <li>Unknown</li> </ul>
<i>Website</i>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>Developing a larger site (rumor) – name and hours now</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>	<ul style="list-style-type: none"> <li>One page w/ business name, address and hours</li> </ul>	<ul style="list-style-type: none"> <li>No</li> </ul>
<i>Advertising</i>	<ul style="list-style-type: none"> <li>1 “ in-column Y/P ad</li> </ul>	<ul style="list-style-type: none"> <li>Full page Y/P ad, occasional direct mail, about 3-4./year</li> </ul>	<ul style="list-style-type: none"> <li>One inch in text Y/P ad</li> <li>2-3 /year in Val-Pak mailer</li> </ul>	<ul style="list-style-type: none"> <li>One inch in-text Y/P ad</li> </ul>	<ul style="list-style-type: none"> <li>Single line in Y/P</li> </ul>
<i>Positioning</i>	<ul style="list-style-type: none"> <li>Try to emphasize compassionate and caring atmosphere</li> </ul>	<ul style="list-style-type: none"> <li>Emphasize “in area since 1961”</li> <li>Focus on per safety/comfort</li> <li>Photo of large staff, 5 vets – promote size</li> </ul>	<ul style="list-style-type: none"> <li>Personalized business</li> <li>Emphasize equine health – small animals as convenience to horse customers</li> </ul>	<ul style="list-style-type: none"> <li>“I treat your pet like my own.”</li> <li>Emphasize small town nature</li> </ul>	<ul style="list-style-type: none"> <li>Promote convenience of mobile – we come to you.</li> <li>Difficult to infer</li> </ul>
* All respondents indicated that the size of the animal made pricing somewhat variable.					

