

BRAND ANALYSIS

INTRODUCTION

With an ever-growing pet population, there is always a need for a veterinarian to ensure the health of our pets. Our marketing group project focused on fulfilling that need by working with Dr. Tom Schwartz, owner of Banfield the Pet Hospital of Brentwood. Dr. Schwartz currently faces several difficulties, however many of them can be rooted the problem of a weak marketing strategy. We felt that it would be a worthwhile experience to develop a real-life marketing strategy, and Dr. Schwartz was willing to let us develop a marketing plan for his practice.

Dr. Schwartz currently faces several issues in the development of his practice. The Banfield hospital system consists primarily of corporate owned practices. In the St. Louis area, Dr. Schwartz is the only charter, or franchise, practice. For this reason, he does not receive the necessary marketing support from the regional marketing representative. Furthermore, Dr. Tom is a sole proprietor of a busy and growing practice; as a result, Dr. Schwartz does not have the time develop a marketing strategy outside of his duties of patient care, business management, and business development obligations. Due to the lack of marketing support from the corporate office and his lack of time, Dr. Schwartz has not been able to develop a cohesive marketing strategy on his own.

Another difficulty that Dr. Schwartz faces is his lack of returning customers. Currently, a significant portion of Dr. Schwartz's patients are single visit drop-ins. His convenient location in a PetsMart store is conducive to this type of customer; Dr. Schwartz's busy schedule is often filled with appointments with less profitable customers who come in for services such as vaccinations and routine check ups.

In our research, we found that a significant portion of the respondents had a poor perception of the quality of veterinary care they would receive from a veterinarian located in a PetsMart store. This poses a problem to Dr. Schwartz because poor perceptions prevent more customers from visiting his practice, which inhibits a solid customer base from forming. Our goal for this project was to develop a marketing strategy to address Dr. Tom's lack of profitable customer base. We developed a marketing strategy that would allow him to retain customers, improve quality perception, increase his efficiency, as well as continue to attract new customers.

HISTORICAL BACKGROUND

Dr. Schwartz is a native of St. Louis and attended John Burroughs High School in Ladue, Missouri. He completed his undergraduate degree in Economics and Political Science at University of Michigan. After graduation, he began a career in commercial banking, concentrating of corporate lending. However, after a few years, Dr. Schwartz decided that this was not his true passion returned to veterinary school at Michigan State University.

Banfield Pet Hospital Brand

Dr. Schwartz graduated from Michigan State University in 1994 with his Doctorate of Veterinary Medicine. Post-graduation, he moved to Jerseyville, Illinois and joined a large multiple veterinarian practice. However, Dr. Schwartz and his family decided to return to the St. Louis area in 1999.

Dr. Schwartz discovered the opportunity to open a charter of Banfield the Pet Hospital at the new PetsMart store located in Brentwood Promenade. Dr. Schwartz partnered with Dr. Douglas Pernikoff, a successful veterinarian with an established office in Chesterfield, to open the charter office in July of 2000. However, within a few months of opening the practice, Dr. Schwartz and Dr. Pernikoff decided to go their separate ways for various reasons. Currently, Dr. Schwartz is the sole practitioner at the Banfield the Pet Hospital located in the Brentwood Promenade. His staff includes three veterinary technicians. He currently offers services such as: emergency care, skin care and flea control, dentistry, internal medicine, radiology, geriatrics and cardiology, and spay/neuter services.

Banfield the Pet Hospital was founded in 1955 in Portland Oregon with a commitment of making quality pet care accessible to pet owners. With its legendary customer service and life saving veterinary medicine, Banfield established a strong reputation for itself. As the company grew in the 1990's, it partnered with PetsMart to provide veterinary medicine at Petsmart locations. In addition to opening corporate offices, it allowed the opportunity for charter practices to open as well. Banfield currently over 250 corporate and charter practices throughout the nation located at PetsMart superstores.

SITUATIONAL ANALYSIS

Dr. Schwartz's current marketing mix is satisfactory; he has many strengths that he use to his advantage, however, he also has some key weaknesses that impede his growth. His services are highly rated among his customers and are conveniently located next to PetsMart in Brentwood. Dr. Schwartz's prices are comparable to those of his competitors in most areas. He is priced slightly higher on vaccinations; nail trims, ear checks, and other routine services often requested by walk in clients. However, many of his customers felt that his prices were fair (see appendix: surveys).

INTERNAL ISSUES

Strengths

One of Dr. Schwartz's strengths is his location. He is conveniently located in a prime retail location with heavy foot traffic. This location offers a tremendous amount of walk in service, as well as potential growth for a strong customer base because of its convenience. In addition, his extended office hours and walk in appointment capabilities make it easy for new patients to get access to veterinary services at their convenience. Our survey results indicated that most pet owners select their veterinarian based on geographic convenience, usually within a five-mile radius. These individuals also do not want to travel more than 20 minutes to their veterinarian's office. This is an advantage of Dr. Schwartz's office because he located in the midst of several large residential areas that include multiple apartment and condominium complexes.

Another distinctive strength is Dr. Schwartz's caring attitude and concern for each of his patients. In our surveys, we found that Dr. Schwartz was rated significantly higher than his competition in the area of client satisfaction with veterinarian friendliness. In addition, his staff was rated significantly higher in friendliness than the competition. These personality traits allow Dr. Schwartz to provide better care to his clients.

Lastly, the Dr. Schwartz's ability to perform on site laboratory services is a significant advantage because it gives customers better service. It allows clients to receive immediate feedback regarding potential health problems of their pets. The recent addition of an endoscope allows Dr. Schwartz to perform non-invasive procedures in patients with possible intestinal blockage.

Weaknesses

The most significant weakness facing Dr. Schwartz is his non-existent and completely unfocused marketing strategy. Dr. Schwartz's emphasis on direct patient care does not leave him with enough time to also manage his staff and develop long range business plans for his practice. Although Dr. Schwartz should be receiving marketing support from the regional marketing representative, he does not get it because of his status as the only charter practice in the area. A marketing staff located in Banfield's corporate offices also represents the charter practice owners. Unfortunately, this staff is located in Portland, Oregon and is not particularly knowledgeable of local market conditions that impact the charter practices.

The development of an external marketing campaign is of paramount importance to the continued success of Dr. Schwartz's practice. Our survey results (see appendix: surveys) found that although most people were aware that there was a veterinarian located in PetsMart, they perceived the quality of that veterinarian to be unacceptable or poor.

Due to the lack of a marketing strategy that retains current customers, Dr. Schwartz is forced to rely on walk in patients and word of mouth referrals. He has been unable to develop an effective a media campaign in order to encourage repeat business. This is detrimental to his business as he constantly incurs higher costs to acquire new customers without attracting repeat business.

An additional weakness is the lack of flexibility in pricing Dr. Schwartz's services. The current pricing structure is set by the Banfield corporate system and Dr. Schwartz is given a range that he must stay within. This offers him little flexibility to adjust pricing strategies in order to become more competitive.

Another weakness facing the practice is the long wait time client must deal with before seeing the doctor, causing dissatisfaction of some patients. Our survey showed that the usual wait time for at the office is between 11-30 minutes compares with 6-10 minutes at his competition's office (see appendix: surveys). Both Dr. Schwartz's and his competition's clients felt that a wait time between 6-10 minutes was most appropriate. The inefficiency of the office staff has often played a significant role the delay of patients. Because of Dr. Schwartz's direct involvement of many aspects of patient care, he does not allow his technician or customer service representatives an opportunity to get patients in and out quickly.

Dr. Schwartz also feels that a lack of some high-end equipment, such as laser surgery and on site ultrasound, puts him at a disadvantage. Our surveys (see appendix: surveys) indicated that while on-site laboratory services ability was important, such specialized services were not necessarily important.

OPPORTUNITIES

Dr. Schwartz has many opportunities to build his practice. He has the opportunity to gain permanent client from his many walk in clients from the PetsMart customer base. His practice is consistently busy with customers, however a significant portion of these customers are low end and less profitable. Dr. Schwartz's association with several animal rescue groups also gives him an opportunity to gain referrals from these groups as well as the good will of the animal loving public. Lastly, the growing trend of taking better care of pets and the increased role of the pet in a family gives Dr. Schwartz an opportunity to gain more revenue per client.

THREATS

Dr. Schwartz faces a small number of threats. His biggest threats are competitors located in the same geographic area. As shown on our graph in appendix, many customers choose their veterinarian based upon geographic location; and if another veterinary practice should open in the near vicinity, Dr. Schwartz may lose customers. Another threat that Dr. Schwartz faces is from his association with the Banfield hospital system. This association may present a threat if customers have had bad experiences with any of the corporate hospitals in the area, and associate it with Dr. Schwartz's practice.

EXTERNAL ISSUES

Competition

There are several other veterinary facilities located in the same geographic area as Dr. Schwartz. They include Webster Groves Animal Hospital, Kirkwood Animal Hospital and Clark Animal Hospital. The most significant competitor is Webster Groves Animal Hospital.

Webster Groves Animal Hospital is located about 3 miles from Dr. Schwartz's office. Its hours are even more extensive than Dr. Schwartz as they offer evening hours until 11 pm as well as weekend and holiday hours. However, they have multiple veterinarians on staff, and it is difficult to maintain a relationship with one veterinarian because of availability issues. Pet owners may become frustrated by having to explain their pet's history to an endless stream of veterinarians. The equipment at the Webster facility is more extensive than Dr. Schwartz's, however the cost of services is significantly higher. Webster Groves has less extensive on site laboratory services, which causes clients to wait for results.

The Kirkwood Animal Hospital and Clark Animal Hospital both located in Kirkwood, are also competitors to Dr. Schwartz's practice. These hospitals are staffed with multiple veterinarians, which may make it difficult to maintain a relationship with a single veterinarian. Both of these sites offer later evening appointments as well as Saturday appointments. One of their key strength is their extensive on site laboratory and equipment options. For example, the Kirkwood office offers: surgery, laser surgery, radiology, ultrasound, endoscopy, dentistry, laboratory testing, dog boarding, and more. However, their prices are slightly higher than Dr. Schwartz. Both the Kirkwood and Clarkson Animal Hospitals are both located approximately 5 miles from Dr. Schwartz's practice, and therefore compete in same geographic location.

DEMAND ANALYSIS AND CONSUMER BEHAVIOR

For this project, 80 individuals were surveyed. A representative sample of size of 40 for both current patients of Dr. Schwartz as well as general veterinary service users was taken. To survey the general public, pet owners at 'Adopt a Stray before the Holidays,' were surveyed. This is an event that is designed to be a large adoption event encompassing a variety of both public and private rescue groups throughout the bi-state area. This event was held at Queeny Park in west St. Louis County in October. Dr. Schwartz's patients were surveyed over a 2-week period by his office staff. Surveys were collected at different times of the day, on weekdays as well as weekends. A sample survey forms as well as raw data have been attached to this report in the appendix.

The majority of the individuals surveyed were women who classified themselves as animal lovers and their pets as being friends and/or family members. The general population had an annual income between \$41,000 and \$65,000 while Dr. Schwartz's patient's annual income was under \$41,000.

The people surveyed from Dr. Schwartz's office as well as from general population, indicated that they chose their vet based on referrals from friends or other individuals. 97% of Dr. Schwartz's patients were rated his services as highly or satisfied compared to only 87% of general population. However, the average quality perception of a PetsMart veterinarian by the general population was 2.9 on a scale of 1-low to 5-high. The survey revealed that customers wanted a veterinarian who was thorough and friendly and well educated. Furthermore, the price of services was not as important to pet owners when it came to the care of their pets.

In addition, the people surveyed felt that the most appropriate wait time to see any veterinarian was less than ten minutes. Though sometimes Dr. Schwartz does see his patient load in a reasonable amount of time, frequently clients must wait extended periods for his time.

MACRO-ENVIRONMENTAL ISSUES

One of the macro environmental issues facing Dr. Schwartz is the ever-changing and advancing technology available to him. Should customers demand more advanced equipment, it may be more difficult to find the resources to purchase new equipment because of his position as a sole practitioner.

A key cultural trend is the increased care that clients give to their pets. With increasing number of pet products, and a wide variety of specialized animal food products, customers are more aware and attentive to the needs of their pets. This may present a large opportunity for Dr. Tom to retain customers by addressing the growing needs of pets.

STATEMENT OF SOLUTION

Our first step is to create a comprehensive marketing strategy focusing on key markets needed to continue the growth of Dr. Schwartz's practice. He must continue to attract new customers but also concentrate on maintaining and growing relationships with existing clients. In addition, he must increase awareness of his practice and change the poor quality perceptions. Lastly, it is imperative that Dr. Schwartz begins to use his staff and his time and resources more efficiently in order to treat patients more effectively.

RECOMMENDED MARKETING PLAN

Price

The pricing is relatively inflexible because of the charter practice agreement with Banfield. However, we feel that the current pricing structure is acceptable; our survey results in the appendix found that the vast majority of his client's felt that his services were fairly priced and that customers are not very price sensitive.

Place

Dr. Schwartz's practice is conveniently located in a prime retail location. At this time, changing location would be a detriment to the development of his practice because it would hinder the development of a customer base as well as require extensive amounts of capital in order to establish a new practice. In his long-range plan, Dr. Schwartz may want to reconsider his present situation after he has established a sizable and loyal client base in order to serve his clients better.

Promotion

The promotion aspect of Dr. Schwartz's marketing strategy must be established to allow for successful growth of his operation. The large number of customers that visit PetsMart presents a large opportunity for growth for Dr. Schwartz. As a result, Dr. Schwartz must improve his marketing within PetsMart; currently he faces issues such as misplaced sign placement within PetsMart and very little cross promotion with PetsMart. Dr. Schwartz needs to promote himself so that PetsMart customers are aware of his presence within the store. Therefore, Dr. Schwartz needs to ensure that the Banfield Signs within the store are visible to customers, and not placed in concealed areas (appendix: pictures). Furthermore, cashiers should wear small pins telling customers about Dr. Schwartz's practice within the store. Other in-store promotions include stuffing customer bags with flyers about the practice, and placing stickers on certain products throughout the store. These in-store promotions will give Dr. Schwartz the instore promotion that he needs in order to strengthen his practice.

In order to address poor quality perceptions, it is important for Dr. Schwartz to market and promote as 'Dr. Tom', and remove himself from the corporate image of Banfield. This will allow the public to see Dr. Schwartz as an individual instead of identifying him as the PetsMart veterinarian. This will give a more personal touch to his advertising campaign, allowing his customers to feel like they know him personally.

Currently there is a weighing scale in the waiting room that is available for use by anyone, and is often used by PetsMart customers to weight their pets. Dr. Tom should turn this into his advantage by promoting his practice near the scale. Dr. Tom currently has a testimonial/thank you board located on the far side of the office. By placing the board directly over the weighing scale, this would allow people using the scale that are not currently Dr. Schwartz's clients to see that he is a quality veterinarian who has received praise both from his clients as well as from professional affiliates. This would fit into the marketing strategy by counteracting the poor perception of a PetsMart veterinarian, by establishing a quality perception with true testimonials.

Dr. Schwartz should use media advertising to inform and remind people of his presence. Because many people pick their veterinarian based upon geographic location, it would be to Dr. Schwartz's advantage to advertise in local newspapers in areas such as Webster Groves, Kirkwood, and Clayton. Newspaper publications include the Ladue News, the Suburban Journals and the St. Louis Post-Dispatch regional sections. These advertisements should use testimonials from current patients to emphasize the quality

Banfield Pet Hospital Brand

of care received from Dr. Schwartz and his staff. Furthermore, they should also emphasize his association with animal rescue groups and professional organizations in order to reflect on his commitment to provide quality pet care to the St. Louis area. Because of the quirky St. Louis thing of caring about where people go to high school and their personal background in the area, Dr. Schwartz could also emphasize his personal background and training such as his attendance at John Burroughs High School. These paper advertisements would allow Dr. Tom publicize himself to remind the public of his quality veterinary service.

In an effort to maintain his current customer base, Dr. Schwartz needs to reach out to them personally. Using direct mail reminders is an excellent method to encourage repeat business. Following the 80/20 rule, it is more profitable to retain current customers than constantly attract new ones. These reminders would include check up and vaccination reminders, wellness plan reminders, coupons, or a referral bonus card. The referral bonus card would be sent to existing clients in order to give to their family and friends. If a new client came into Banfield with a referral bonus card, the new client would receive a discount on services and the referring client would receive a discount or some small item, such as a monthly dose of heartworm preventative, for free. This direct mail would encourage word of mouth advertising and encourage customers to return to Dr. Schwartz for continued medical care. As a result, Dr. Tom would establish customer base, and become more profitable by spending less on advertising. Examples of the direct mail are printed in appendix: direct mail.

Another way to increase public awareness is to set up a booth at adoption events. Dr. Schwartz could use the booth to educate individuals about pet care or to provide a quick check up on new pets. This gives Dr. Schwartz a prime opportunity to gain new clientele from new pet owners by demonstrating his care for pets as well as offering coupons for a complimentary office visit. The Webster Groves Animal Hospital currently sets up booths at adoption events with great success. The cost of such an activity is minimal, although it does require a significant amount of time during the day.

PRODUCT

Although Dr. Schwartz does not exactly offer a product, he offers services to his customers. Dr. Schwartz currently offers an outstanding service and is rated highly by his customers (appendix: survey questions). However, there are steps he can take in order to improve his service in order to serve his customers more effectively and more profitably. A key product offered by the practice is the Optimum Wellness Plan, which is a preventative health care plan. The plan offers several varying levels of coverage. Dr. Schwartz should emphasize this plan as a way to encourage repeat business.

In order to improve his services, Dr. Schwartz needs to manage his workflow better. Currently, his duties as a sole practitioner of a practice include business responsibilities such as staff management, scheduling, billing, promotion, and other operational issues. These commitments detract Dr. Schwartz from his duties as a veterinarian; it would be to Dr. Schwartz's best interest to consider hiring an office manager to handle the business operations of his practice, allowing him focus more of his time on patient care.

In addition to hiring an office manager, an additional licensed vet technician will allow Dr. Schwartz to focus more time on critical patients. In order to service customers more effectively, the incorporation of a Fast-Trak room can be used to provide better care for his clients. An idea that was adopted from the emergency room at St. Mary's hospital, this room would be dedicated to performing simple procedures quickly. A licensed veterinary technician performing routine procedures such as wellness checkups, vaccinations, and nail

clippings would staff the Fast-Trak. This would give Dr. Schwartz more time to focus on more critical patients instead of routine procedures, providing better service. There is a risk of cannibalization, because it may weaken one of Dr. Schwartz's strengths, his dedicated service to all patients. However, according to our surveys, (see appendix: surveys) approximately 82% of people surveyed said it would be acceptable for a licensed vet technician to perform routine procedures. Therefore, if a licensed vet technician who was caring and attentive as Dr. Schwartz, the risk of cannibalization should be minimal because of consistent high quality service within the practice from Dr. Schwartz and the qualified licensed vet technician.

Lastly, in order to improve his services to his customers, Dr. Schwartz should use the resources that he has available to him. Dr. Schwartz currently has shelves that contain pamphlets about pet care and pet illnesses. Dr. Schwartz and his staff currently does not actively give these out to clients. It would be to his advantage to do so in order to provide better care to his clients. By educating his clients on how to better care for their own pets, allowing them to better care for their own pets. Pamphlets that are relevant to the current illness of the pet or common illnesses should be given out. By using his resources more efficiently, Dr. Schwartz can improve on his excellent quality of care to his customers.