How much influence do customers have?

ZOETIS conducted some extensive research analysing market data and trends to develop an informed opinion of what the future may look like for UK veterinary practices.

As part of this, the business consulting team used an analysis model, originally developed by Professor Michael Porter from Harvard University, to look at the trends and patterns in the five business forces surrounding the veterinary sector.

We will be investigating each of these forces in this series of articles. The first is the bargaining power of customers: how much bargaining power do veterinary practices’ clients have and what is influencing this? I recently had a debate at our Prosper business club as to whether pet owners are clients or customers. My answer was that they are consumers, which is an interesting thought as a few years ago the line of discussion may have been very different.

So what makes a practice’s pet owners consumers? They not only purchase your products and services, they also experience them, and the consumer’s interpretation of their experience can really affect your brand. What’s more, the reality of today’s information-rich environment is that they can experience your practice without you even knowing it.

Think about when you pick a hairdresser. Do you just wander down the street and walk into the nearest one? What if there is more than one close by? Or do you just choose the cheapest?

Well, many of today’s consumers will usually seek out relevant information to make an informed decision based on need. But where does this information come from and what does it mean to business owners?

Zero moment of truth

Google has coined the term “Zero moment of truth”. This is alluding to all the different points of contact a consumer can have with a product or service before physically experiencing it. In 2011 the average shopper used 10.7 different sources of information before making a decision on what product or service to use.1 What does this mean to us? They may have disregarded you before you even knew they existed. Now that’s power.

Client experience

The client experience at a veterinary practice is critical to the bottom line and we’ve recently introduced a new service that assesses every step of the client journey.

Practices need to embark on this journey by questioning how they want clients to feel about their experience. Every contact point in the client journey needs to reflect the practice’s culture and values.

Are your customers happy with the service and loyal to the practice? Unfortunately, a typical business hears from only 4% of its dissatisfied customers; 96% just go away and 91% will never come back.2 What’s more, a dissatisfied customer will tell 9-15 people about their experience and 13% will tell 20 people about it.3

Consumer power

According to our Porter’s model, veterinary practices’ customers – or consumers – do have a great deal of power and the ability to put the business under pressure.

Factors taken into consideration when assessing this include: the “customer to business” concentration ratio; their degree of dependency upon existing channels of service provision; customer switching costs; availability of existing substitute suppliers; buyer price sensitivity; and the uniqueness of the services.

When it comes to client loyalty, one of the big factors here is that the cost of switching practice is very low or even zero. And an increase in the number of practices is providing clients with a far greater choice.

Consumer buying behaviour has changed beyond all recognition. Fifty-eight percent of pet owners use the internet to gather information about pet care and the information is increasingly being gathered through social media sources – there are 845 million active users of Facebook in one month alone.

Consumers are also being enticed with deals and promotions through services like Groupon and Wowcher. Today’s business environment has changed. It’s about real-time information, mobile communication, social interaction and customer-driven conversation.

Veterinary practices are responding to changing consumer buying behaviour with digital marketing communication (marcomms) strategies; increased use of PR rather than advertising; search engine optimised and smartphone friendly websites; and the use of online analytics to measure and monitor online effectiveness.

For those practices that need help in this area, we offer a digital marketing analysis and planning service which looks at a practice’s whole online presence and compares it to their competitors.

To summarise the Porter’s model analysis, although the number of clients is increasing – which would indicate a dilution of power – customer power is increasing as the cost of switching practice is low and they are demonstrating low loyalty. Customers are increasingly information-hungry and savvy as well as increasingly price-sensitive.

Furthermore, as I said at the beginning, many potential customers may have formed an opinion about your practice without even setting foot through the door, relying instead on e-word-of-mouth.

With effective digital marketing, hopefully those potential customers will become clients. The way to dilute their power and develop them into loyal clients is to deliver an excellent client experience at every stage of the client cycle from when they make the appointment, through to when they pay and leave.

As a practice you need to consider what you want your clients to say about you, how you want your clients to feel and what overall experience you want to create for your clients so that they remain loyal to the practice. By doing this you can harness consumer power and use it to your advantage.

1. Google, Zero Moment of Truth
2. Understanding Customers by Ruby Newell-Legner
3. The White House Office of Consumer Affairs

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Laurie gained her Professional Diploma in Marketing and is currently a lead lecturer at Derby University Corporate for the CIM Professional Diploma in Marketing.

Research on mobile phone call service quality

OFCOM has published research on mobile phone call quality to help businesses and consumers choose a mobile service. It should also help promote competition between mobile operators on service quality.

The report includes research on mobile phone call quality from the consumers’ perspective; data supplied by EE, O2, Three and Vodafone on the performance of their networks; and consumer research on satisfaction with mobile networks.

OFCOM’s research found that while overall levels of consumer satisfaction with mobile networks are high (76%), this varies by location. Some 78% of people in urban areas were satisfied with their mobile network, compared to 67% in rural parts of the UK and 70% in remote areas.

OFCOM used data from RootMetrics, a company that measures network performance on mobile handsets and found that 97.0% of calls on the EE network were successfully connected, 95.3% on O2, 94.5% on Three and 92.6% on Vodafone during the second half of 2013.

The data show that the proportion of calls connected successfully varied by provider across the UK, with significant differences in urban and rural areas.

For this year, OFCOM will be publishing research comparing 3G and 4G mobile broadband speeds, following detailed testing across five UK cities.