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How Animal Health Companies Optimise Performance Using Veterinary Transactional Data

Sales data is tremendously valuable to animal health companies as it helps them understand the market for their products and thus improve their business strategy. As well as monitoring sales to veterinary practices, some animal health companies are now capitalising on a growing resource of even more granular data – transactional data linked to anonymised information from patients' electronic clinical records. In this article, Alexander Arpino of Veterinary Insights discusses how businesses can use this data to gain a competitive edge.

Harnessing the Potential of Transactional Data

In the animal health industry, companies typically collect and examine data on the quantity of their products bought by each veterinary practice. This information sheds valuable light on the success of sales and marketing efforts on a product-by-product basis, and also allows businesses to monitor performance down to the level of individual practices. By gaining an understanding of sales trends and patterns, companies can judge which items in their range may benefit from more investment in marketing, and identify particular veterinary practices where they can focus their efforts.

Information on sales to practices does not give the full picture regarding product consumption, however – it is one thing to know that a product is stocked on the shelf, but another to know exactly how much is being sold, and in what situations. While the decision to stock a product may rest with a practice manager or senior vet, the sale of the product to veterinary clients depends on a range of other choices. For products typically stocked in the waiting room such as pet food and supplements, sales may be influenced by both the preferences of the consumer and the advice of the veterinary staff. For therapeutic agents such as antibiotics, the choice lies with the prescribing vet. Gaining insights into these sales choices – in particular, understanding the situations in which a product is selected over its competitors – can help animal health companies to adjust their campaigns and strategy in a much more targeted manner.

To better understand sales choices, it is necessary to examine consumption-level data regarding the different contexts in which a product is used. Gathering such specific and granular data would be a tall order in many industries, but in the veterinary sphere it is largely a problem of data access, rather than data collection. This is because sales information for each patient is linked to their clinical records in the electronic practice management system (PMS).

Transactional data from the PMS therefore captures not only when a product is sold, but also to what age and breed of animal, and for what indication. It is also possible to find out what length of course is prescribed for a therapeutic agent, and whether it is used first line, second line, or as a combination therapy.

Until the last few years, this wealth of data was largely unavailable to animal health companies. However, software solutions have recently been developed to harvest anonymised transactional data from hundreds of practices. These solutions can then use big data technology to categorise and code the information into a central database, which continually grows over time. Given the large number of transactions completed in each practice per month, databases can reach a significant size very quickly – for example, the Animalytics® database has grown over three years to include 92 million UK transactions. This database is composed of information derived from Vet Viewer, a benchmarking service that allows practices to track multiple business metrics and assess their performance against national and regional averages.

Solutions such as this kill two birds with one stone – veterinary practices can develop business advantages from using the benchmarking service, while the data that they generate enables animal health companies to gain practically relevant commercial insights. These insights can give them a competitive edge in a number of ways, as outlined below.

Identify Focus Areas for Sales and Marketing

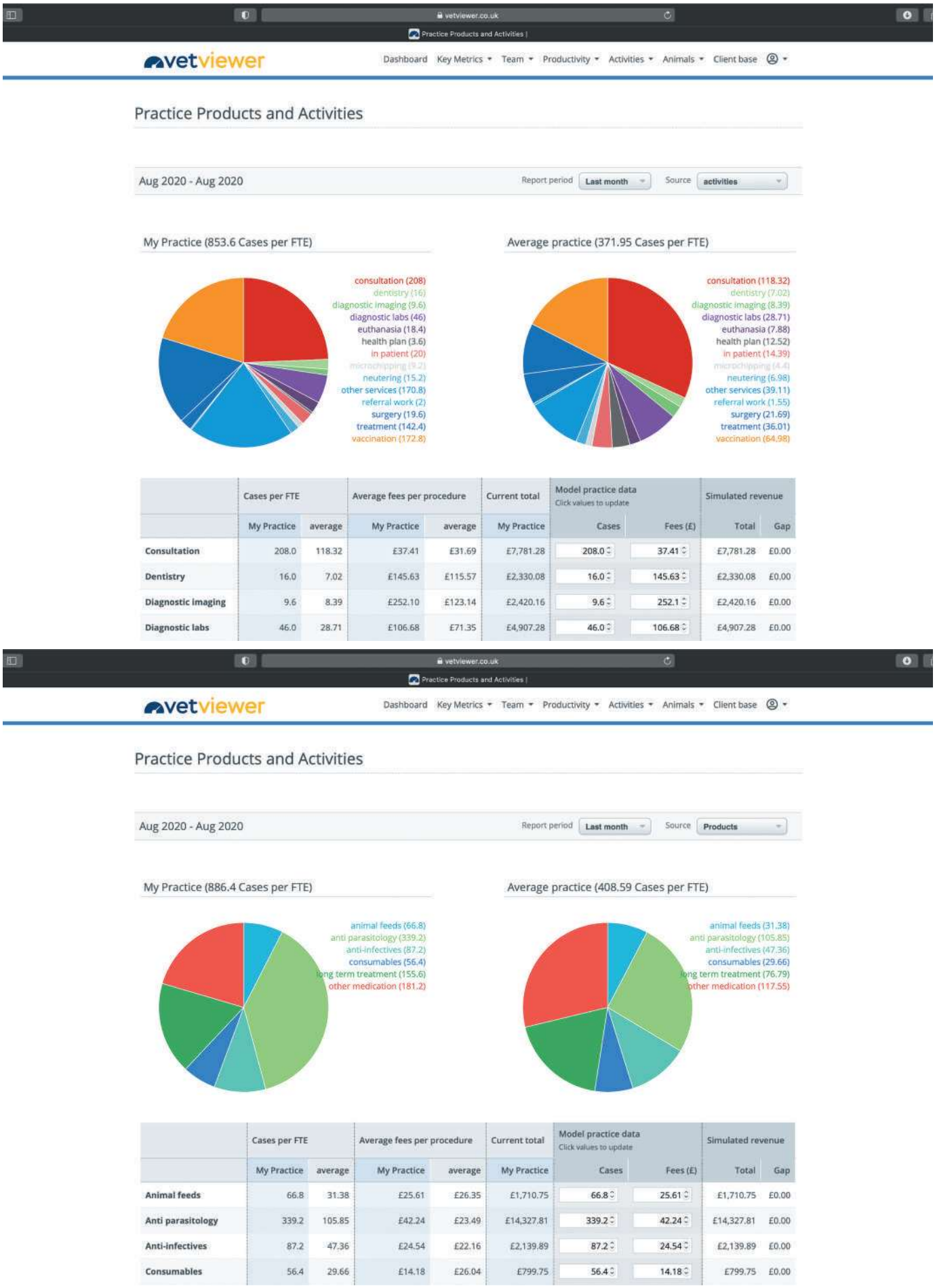
By discovering which age and breed of animals are prescribed their products, and for which indications, companies can identify specific areas to focus their sales and marketing investment. For example, if a product is licensed for both acute and chronic pain, but the data shows it is predominantly used for analgesia in the immediate post-surgical period, the company may consider a marketing campaign to better inform vets about its long-term use.

Splitting the transactional data by geographical region can also be valuable when evaluating the market. This allows companies to 'zoom in' and make more relevant sales comparisons, taking into account regional variations in average income levels. Geographical data can be particularly useful when assessing agents for which use would be expected to vary regionally – for example, a parasiticide with activity against lungworm would be expected to be more popular in areas with a higher prevalence of the disease. Examining regional data on such products enables companies to identify specific geographical areas in which to concentrate their sales and marketing efforts.

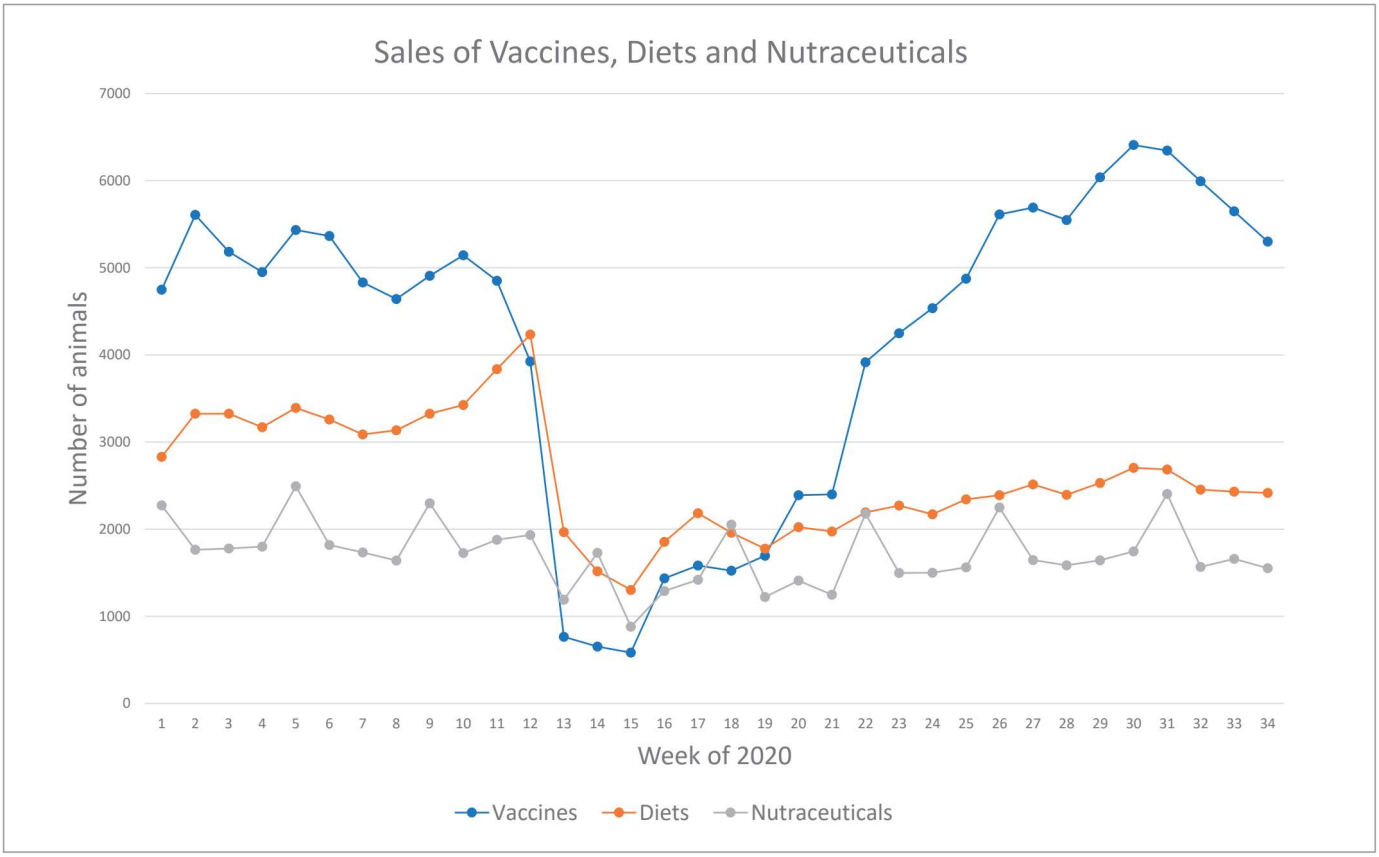
Benchmark against Competitors

If analysis reveals that a product is underutilised in a certain area of the market, it may be because a competitor's product is cheaper or perceived as superior – perhaps easier to use, more palatable, or more effective. Therefore, it can be very valuable for businesses to analyse transactional data on the relevant competitor products, including those with the same active pharmaceutical ingredient and those licensed for the same use. By gaining a fuller understanding of the market share of various products, and examining the features of the best performers, companies can plan the most effective actions to take.

Again, it is possible to compare performance with competitors in terms of national sales data, but also to drill down to a deeper level and examine differences in sales with respect to therapeutic indication and to animal age and breed. This more granular information can provide a range



Use of the Vet Viewer benchmarking service to compare practice performance to the national average



The impact of lockdown on weekly sales of vaccines, pet food and nutraceuticals in veterinary practices across the UK (Animalytics® data)

of actionable insights. A company may find, for example, that their nutraceutical is preferred for small breed dogs, but their main competitor has the greater market share for larger dogs. Equipped with this knowledge, they can then review their marketing and sales strategy with this in mind. Could it be that the product's marketing campaign is focused more towards small breed dogs, and the messaging resonates less with owners of larger dogs? Or, perhaps, does the differential pricing tend to work out cheaper for a particular weight band? Considering these questions, the company can make adjustments to their sales and marketing strategy as appropriate. In some situations, however, the evidence may suggest that an update to the product is indicated.

Inform Decisions about Product Research and Development

A key use of transactional data is to inform research and development decisions. Continuing with the nutraceutical example outlined above, it may be that the product in question is sold in the form of one tablet per 10kg, but the best-performing competitor offers one large tablet for dogs in the 30–40kg bracket. The difference in sales revenue may be because owners of larger dogs prefer the convenience of giving a single tablet rather than several smaller ones. This inference could be drawn just using common sense, of course – but with data to show the magnitude of the difference in sales, the company can make an informed decision as to whether to invest in updating their product to offer a larger tablet.

Sometimes businesses will use transactional data as a basis for conducting more research before deciding whether to invest in product development. If sales data suggests that a company's non-flavoured tablet is significantly less popular than a competitor's palatable alternative, they may choose to investigate whether there is a genuine difficulty in administering their product, or whether it does in fact have excellent patient compliance rates and the difference in sales is due to customer perceptions. If this is the case, they may respond by publicising appropriate study data in their marketing materials, perhaps highlighting that 95% of dogs took the tablet easily in food.

Assess the Success of Campaigns

Whatever action a company chooses to take based on their specific situation, they can then continue to use transactional data to monitor the effectiveness of this intervention. At the start of a new marketing campaign, performance can be benchmarked in relation to competitors, and then changes can be evaluated over time. This monitoring can be conducted both across the board and more specifically, focusing on the key market segments identified for particular attention.

Monitoring sales uplift in this manner allows companies to identify the areas which see the greatest and lowest return on investment. In the long run, this approach helps companies gain insights regarding business and marketing strategy, allowing them to iterate and optimise their campaigns.

Highlight Opportunities for Business Growth

A further way in which companies use transactional data is to identify future directions for growth. For example, if a business has the prospect of purchasing a product, transactional data can provide valuable and up-to-date market research information.

Additionally, businesses can identify potential avenues to explore by expanding their range. Particularly useful information in this regard is data on what other items are sold alongside a specific product. Examining the patterns of prescribing in this way can reveal potential opportunities for bringing out a new offering or perhaps developing a combination.

Aid Recovery from Market Disruption

The immediate availability of transactional data collected in real time means that companies leveraging this resource can gain a significant advantage when responding to shocks in the market. In particular, businesses can rapidly assess, adjust and optimise their response to major trends. Perhaps the most pertinent and topical example of this is COVID-19: the pandemic has had a dramatic impact across the UK on the sale of products in veterinary practices.

In general, sales plummeted in the early phase of lockdown in the spring, and gradually recovered over the summer as practices returned to seeing routine cases. Looking at general recovery data can provide a useful benchmark for companies, but more value can be gained from assessing the differential impact on various sectors of the market. Sales of vaccines, for example, showed a sharp decline in the phase when only emergency medicine was permitted, dropping to approximately a tenth of previous numbers. Subsequently, sales rebounded robustly as practices began to catch up on the backlog, even exceeding pre-lockdown levels in July.

Sales of pet food and nutraceuticals were also negatively impacted, but to a differing degree. During the first lockdown the average number of pet food sales per week fell by 44%, whereas sales of nutraceuticals only dropped by 27%. The recovery for pet food was also less marked: average sales reached 75% of pre-lockdown levels in the summer, as opposed to 91% for nutraceuticals. It is interesting to contrast these figures to vaccine sales – part of the reason for the incomplete recovery may be that these products are often sold in the waiting room, and many practices were still requesting clients to wait in the car park.

Animal health companies battling the business impact of the pandemic can observe these general trends and then drill down to see how sales of their products are recovering compared to the market sector average and to specific competitors. With up-to-date information, businesses will be better equipped to decide how to respond to ongoing market disruption as the situation evolves.

The Future of Real-time Market Research

Companies in the animal health sector can utilise veterinary transactional data to optimise business performance in a number of ways, essentially using the data as a real-time market research project. As the technological solutions that enable the process have only been developed relatively recently, companies embracing this new approach can gain a commercial advantage over their competitors. In future, given the ongoing trend towards increasing utilisation of big data, it is likely that the usage of granular transactional data to guide business strategy will one day become the norm in this sector.

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Alexander Arpino is Managing Director of Veterinary Insights. The company provides a veterinary benchmarking service called Vet Viewer that allows practices to track performance across multiple business metrics against national and regional averages. The data collected from this service is anonymised and transferred into the Animalytics database, a resource which animal health companies can use to guide their business strategy.

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