

SPOTLIGHT: EQUIPMENT

THE BUSINESS RESEARCH COMPANY



The global veterinary services market is growing at 6.2% a year, slightly slower than the overall healthcare market, which at a global level is growing at 7.1% a year, according to a report on Veterinary Services Global Market 2018 from The Business Research Company. Veterinary services provide healthcare for animals - especially pets, farm animals, and animals kept in zoos and wildlife parks - required in cases of disease or injury and for health maintenance and management. The industry comprises licensed veterinary practitioners who practice veterinary medicine, dentistry or surgery for animals. The healthcare market

covers pharmaceutical drugs, biologics and medical equipment for both humans and animals.

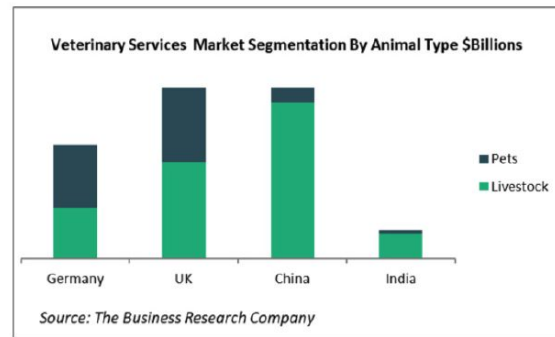
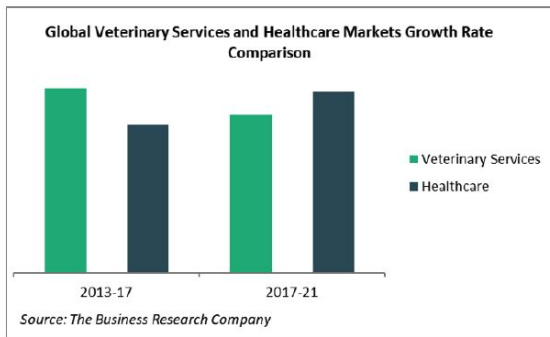
Growth in the pet population, increasing penetration of pet insurance, pet humanization within the growing global urban populations and increased awareness of animal welfare needs due to social media are helping the veterinary services market maintain growth. However, growth is being held back below the 7.2% the market was achieving until recently by high costs for equipment, licenses and trained personnel. These high costs, which in turn affect prices, make veterinary services less affordable. In devel-

oped countries like the USA, one key indicator - the number of visits to veterinary clinics by pet and livestock owners - has fallen recently. This probably results from a combination of decreasing affordability and the availability of information online. According to the American Pet Products Association, 43% of US dog owners and 41% of cat owners rely on online information.

Veterinary Services Market Segmentation

The veterinary services market can be split by animal type, so between petcare and livestock services. 54% of the German market for veterinary services is in the petcare segment, making Germany the

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only country where that segment is bigger than the livestock segment. Next highest is the UK, where the petcare segment accounts for 42% of the total. In contrast, in China less than 8% and in India only a little over 5% of all expenditure on veterinary services is for petcare. In terms of value, the USA is by far the world's largest petcare veterinary services market, worth \$13.5 billion in 2017, well ahead of the UK's at \$2.6 billion. The largest single segment by animal type is the USA's livestock veterinary services market, worth \$27.5 billion, again far ahead of the next largest, which is China's livestock segment, worth \$5.5 billion in 2017. China's livestock segment outstrips that of a country like the UK, where spend per animal is much higher, because of its large livestock and poultry animal population.

Market Geographies

North America is by far the largest region for the veterinary services market; Western Europe and Asia Pacific are second and third, both worth about half the American one. Growth, however, has been, and will continue to be, slower in North America than the other two, while Asia Pacific's growth, previously a little lower than Western Europe's, has now overtaken it.

North America's dominance in the veterinary services market is largely generated in

the USA. As a percentage of GDP, however, both the UK and Australia spend a little more than the USA. Per capita spend is highest in the USA, followed by Australia and the UK. In contrast, China, which has by far the largest animal population in the world, at 6.35 billion animals, spends less than 1% of GDP on veterinary services, equating to \$4.34 per capita of the human population, against \$127.1 in the USA.

Factors influencing the size and growth of the veterinary services market by region and country include the animal disease burden, GDP and its distribution, consumption patterns (which influence the extent of livestock farming - thus China's animal population vastly outstrips India's), government regulations relating to animal health safeguarding and meat and dairy production and, on the supply-side, the size of the veterinary workforce, government support for animal welfare practices and investment by the industry. Levels of pet ownership, 'humanization' of pets, as in Japan, preventive measures against outbreaks of disease that can be transferred from animals to humans, are other factors that influence the size of particular markets. For example, China has seen a significant increase in pet ownership among its urban population and with it an increase in de-

mand for veterinary services for companion animals. According to research conducted by Daxue Consulting, 8% of families in China's tier-1 and tier-2 cities now own pets. Pet owners in China spend \$50 a year on average on medical treatments for their pets. China's population is urbanizing at the rate of over 30 million a year, according to the CIA World Factbook; many of the newly urbanized population in China miss the presence of animals that they knew in their former rural homes and acquire companion animals instead.

A further factor is government livestock regulations. Regulations surrounding the maintenance of cattle and livestock are increasing the demand for veterinary services. For instance, in March 2016 the United States Food and Drug Administration (FDA) announced an amendment in its humanly medically important antibiotics regulations. With effect from 2017, cattle owners need to administer the Veterinary Feed Directive (VFD) drugs under the supervision of licensed veterinarians. Thus, increasingly stringent rules and regulations surrounding the production and export of cattle and meat products are expected to drive the veterinary services market up to 2021.