

An Overview of the Pet Medication Industry

Who and What are We Talking About?



- **Paul David Pion, DVM, DACVIM
(Cardiology)**
- **Veterinary Information Network**

Why Me?...

- never worked in either drug manufacturing or distribution
- former academic and researcher
- co-founder of Veterinary Information Network (VIN)
 - For Veterinarians
 - Subscription-based
 - No advertising or sponsorship
- Medicine & Information
 - Generation / Quality / Delivery

Why Me?...

- FTC learned of VIN when they found articles by the VIN News Service (news.vin.com) investigating veterinary drug diversion for the gray market.

Disclosures

- I am...
 - pro-veterinarian
 - pro-pet owner
 - pro-patient
 - pro-fairness
 - pro-informed choice

Pet Medication ~~Our Information~~ Economy

Manufacturers

Distributors

Consumers

- Wholesale
- Retail



Pet Medication ~~Our Information~~ Economy

Manufacturers

Distributors

Consumers



-Product Manufacturers

-Product Distributors

-Conferences

-Specialists

-Veterinarians ---- Drug Retailers

-Veterinary Schools....

-Pet Owners

-Publishers

-Authors

-Speakers

Online

Drug Retailers

Big Box

Pet Medication ~~Our Information~~ Economy

Manufacturers

Distributors

Consumers



- Goal?
- Currency?
- Ethics?
- Stake?

Pet Medication ~~Our Information~~ Economy

Manufacturers

Distributors

Consumers

- Quantity
- Quality
- Safety



Pet Medication ~~Our Information~~ Economy

Manufacturers

Distributors

Consumers

-Supply
-Demand
-Price



Pet Medication Market Size and Make-up

- Bigger than a breadbox (8 to 10 billion dollars?)
 - small compared to human biopharmaceuticals
 - US animal health \$\$
 - including pet and non-pet species
 - so pet market is even smaller

	Human		Animal
• Pfizer:	23.7B	vs	1.38B
• Novartis:	17.8B	vs	1.30B ???

- Pfizer - <http://www.pfizer.com/files/annualreport/2011/financial/financial2011.pdf> - p. 18
- Novartis - <http://www.novartis.com/downloads/investors/reports/novartis-annual-report-2011-en.pdf> - p.17, 52

Pet Medication Market Size and Make-up

- MEGA-PRODUCTS – continual use
 - Flea and Tick Prevention – OTC (EPA)
 - Heartworm Prevention – Rx (FDA)
- Everything else – OTC and Rx
 - short-term use – e.g. antibiotics
 - chronic need is usually more attractive/profitable
 - is it worth seeking approval?

Pet Medication Market Size and Make-up

- What else do we need to know?
 - a large percentage of medications prescribed by veterinarians are NOT “LABELED” for the patient species
 - same medications (and formulations) you and your grandmother are taking.
 - indications, safety, dose, drug interactions often differ from grandma
 - Information source / standard of practice
 - literature / conferences

Pet Medication Market Size and Make-up

- Growth trends and future projections?
 - ??????

Pet Medication Market The Supply Chain

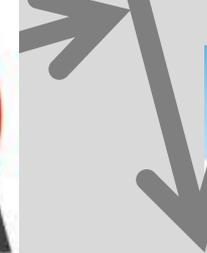
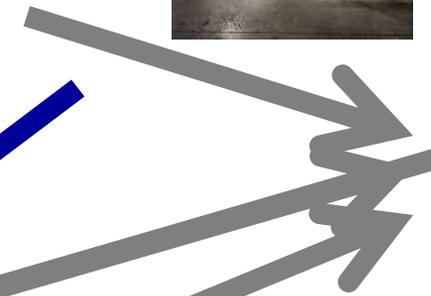
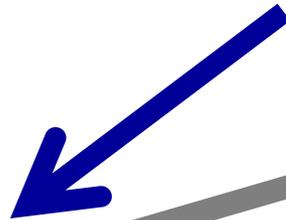
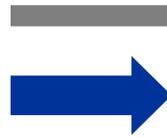


Online Pharmacy

**SAFETY.
CONVENIENCE.
24 HOUR
SERVICE.**



[ONLINE ORDERS : CLICK HERE](#)



Pet Medication Market

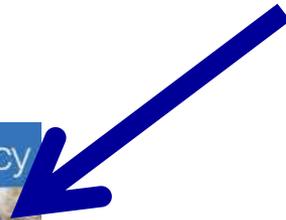
But wait, there's more...



- VetCentric
- VetsFirstChoice
- VetSource??



The Second Gray Zone



- Phantom inventory
- Virtual transactions



Pet Medication Market Consumer Purchasing Patterns?



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Pet Medication Market Veterinary Reaction / Thoughts

Bayer comes "out"



Rest remain "in"



DANGER



Pet Medication Market A Chain Reaction or...

**How to
Market?**



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Pet Medication Market A Brilliant Marketing Plan

How to
Market?



- Direct to consumer too expensive
- Promise veterinarians exclusive “these products need your expertise”
- Demand distributor exclusivity
- Happy/hero/dependent veterinarians
- Happy clients

WIN?
LOSE?
DRAW?

- Once brand established ->Gray mkt
- Expands market, price not much lower, but larger volume

- Big box entry->end-game or oops??

- Trust in veterinarians damaged?
- Veterinary practices suffer from “undercharging” for services

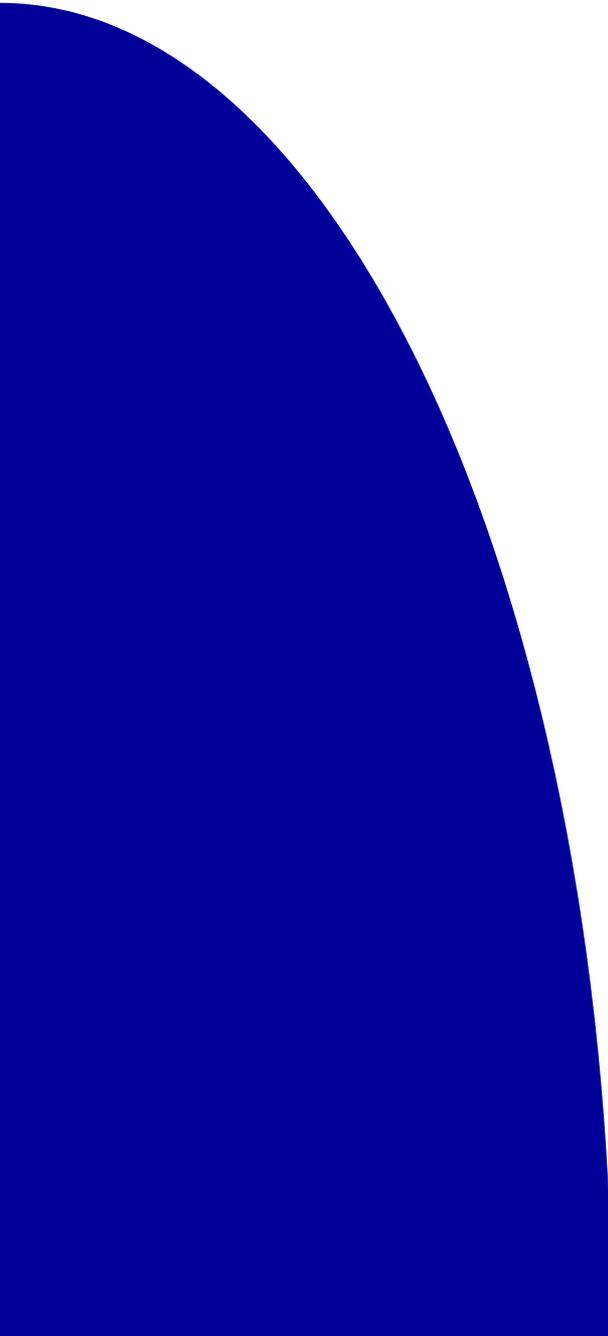


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Cantor's Law of the Preservation of Ignorance

A false conclusion, once arrived at and widely accepted is not easily dislodged and the less it is understood, the more tenaciously it is held



**Questions
are the ONLY
answers**