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
Our Information Economy

Manufacturers

Distributors

Consumers

- Wholesale
- Retail

Pet Medication
Our Information Economy

Manufacturers
- Product Manufacturers
- Product Distributors
- Conferences
- Specialists
- Veterinarians
- Veterinary Schools
- Pet Owners
- Publishers
- Authors
- Speakers

Distributors

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Pet Medication

Online

Big Box
Our Information Economy

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

Manufacturers

Distributors

Consumers

Pet Medication
Our Information Economy

- Quantity
- Quality
- Safety

Manufacturers  Distributors  Consumers

Pet Medication
Our Information Economy

- Supply
- Demand
- Price

Pet Medication

Manufacturers  Distributors  Consumers
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

<table>
<thead>
<tr>
<th></th>
<th>Human</th>
<th>Animal</th>
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<tbody>
<tr>
<td>Pfizer:</td>
<td>23.7B</td>
<td>vs 1.38B</td>
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<tr>
<td>Novartis:</td>
<td>17.8B</td>
<td>vs 1.30B</td>
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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
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?
Pet Medication Market
Veterinary Reaction / Thoughts

Bayer comes “out”

Rest remain “in”

Danger

RIP
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

- 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

WIN?
LOSE?
DRAW?
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