READING THE MARKET

The Ghosts of Veterinary Growth

By learning from the past and confronting today's challenges, we can change the growth equation for what comes next.

BY MATT SALOIS, PH.D.

EXPERT COMMENTARY



Charles Dickens understood something about forecasting that economists sometimes forget: The future is most useful when it changes what we do in the present. In "A Christmas Carol," Ebenezer Scrooge is visited by three ghosts. The first takes him backward, to the experiences and choices that shaped the person he became. The second forces him to look more closely at the world around him. The third, silent and disturbing, shows him where his current path may lead.

Eventually, Scrooge asks the question that sits at the heart of Dickens' story: Are these shadows of things that will be, or only things that may be? For Dickens, the future remains hopeful precisely because Scrooge can still change his behavior.

30 minutes
An AI scribe that gives a vet 30 minutes back creates value only if the time translates into something meaningful.

Veterinary medicine faces a similar question as we look toward 2027, because our own growth story has also moved through a distinct past, present, and yet-to-come.

The Ghost of Growth Past

Immediately following the pandemic, we experienced an extraordinary period of growth. Pet spending surged. Appointment books were full. Practices struggled to keep up with demand. Labor and supplies cost more, and nearly every input into delivering veterinary care seemed to increase in price.

In response, practices raised fees out of necessity. However, visits didn't immediately fall because demand was strong and veterinary capacity was constrained. Simply put, practices could raise prices and remain busy. The basic growth equation was easy:

Total Revenue =
Visits × Revenue per Visit

For several years, both sides of that equation were moving in our favor. Visits were strong, while revenue per visit was rising along with price. Raising prices made economic sense. Costs were rising rapidly, wages had to increase, and practices needed to protect margins while investing in their teams.

The conditions surrounding that equation, however, were unusual. The Ghost of Growth Past helps explain how we arrived where we are today, while also reminding us that a strategy that made sense several years ago may not make the same sense now.

The Ghost of Growth Present

By 2024, the market began to change. Prices continued to rise, but visits started moving in the opposite direction. Nationally, veterinary visits have declined year over year, while revenue has continued to rise only modestly.

That modest revenue growth has been largely price-driven. The equation still works, but the underlying economics look different:

Revenue Growth ≈
Price Growth – Visit Contraction

Revenue can remain positive for a time even while the volume underneath it weakens. The Ghost of Christmas Present forces Scrooge to see the world beyond his own ledger. Veterinary practices may need to do the same.

A practice can look at revenue and conclude that things are healthy. Yet underneath, there may be fewer visits and active clients, more declined recommendations or delayed care, and difficult affordability conversations. Clients are just as devoted to their pets, but their economic constraints are becoming harder to ignore.

Price will always be an important part of running a healthy practice, and fees must reflect the cost and value of delivering care. But price can no longer be asked to do all the work of delivering the growth it did during the extraordinary years following 2020.

The quality of growth now matters as much as the quantity.

The Ghost of Growth Yet to Come

Like Scrooge, we should be careful not to mistake a possible future for an inevitable one. If veterinary medicine continues along the same path, with prices rising while visits contract, affordability challenges will intensify. Compliance could weaken further, and preventive care could be deferred.

But future Scrooge sees only one version of what might happen if nothing changes. For us, changing the future starts with changing the equation. The next era of veterinary growth will have to rely less on price and more on execution. A better mental model for that future looks like this:

Sustainable Growth =
Capacity × Utilization × Client Value

- Capacity comes from people, technology, and workflow; it's the amount of care a practice is capable of delivering.
- Utilization is about how effectively that capacity gets used, through productivity, delegation, scheduling, and execution.
- Client Value grows from relationships, retention, compliance, convenience, and trust over the life of the veterinarian-client-patient relationship.

The multiplication sign matters because weakness in any one of these areas constrains the whole.

Adding capacity accomplishes little if that capacity is poorly utilized, while an efficient practice will still struggle if clients don't return or follow recommendations. Even the strongest client relationships eventually hit a ceiling if the practice can't provide care when people need it.

Productivity, in this context, is about making better use of the time, talent, and capacity already inside the practice without asking exhausted teams to work faster. Much of that opportunity sits inside the daily workflow of the practice. Appointment length, technician utilization, forward booking, documentation, scheduling, communication, and delegation all influence how many patients a practice can serve without adding more people or extending the workday.

Technology will increasingly shape that workflow. An AI scribe that gives a veterinarian 30 minutes back each day creates value only if those 30 minutes translate into something meaningful, whether that's another appointment, better client communication, or simply leaving on time.

Perhaps the greatest opportunity for growth lies in the client relationship itself. In a more selective consumer environment, growth increasingly depends on the economics of the relationship. Client value grows when people return, understand the recommendations being made, trust the team, and find it easy to access and follow through on care.

Retention, compliance, forward booking, communication, and convenience are increasingly important sources of lasting growth.

Changing the Ending

When Scrooge wakes on Christmas morning, Dickens has not given him a better forecast; he has given him the opportunity to make different choices.

Veterinary medicine already has many of the signals it needs. Visits are contracting. Clients are more price-sensitive. At the same time, practices have enormous opportunities to rethink capacity, productivity, workflow, technology, and the client experience.

Scrooge changes the future by changing what he does in the present. Veterinary medicine has the same chance. The growth equation that got us here does not have to be the growth equation that takes us forward. ■

istockphoto.com/siwaporn wongsirisak



Dr. Matt Salois
The Reading the Market columnist is an economist, researcher, and veterinary industry leader with extensive experience analyzing the economic and business forces shaping animal health. He is the president of Veterinary Management Groups (VMG).