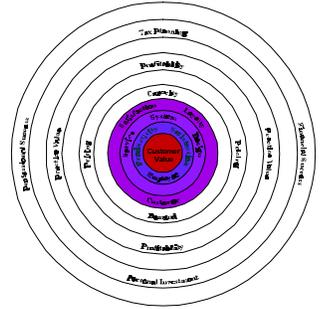


Client Satisfaction and Loyalty





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Similar to customers of most service industries, clients of veterinary practices can obtain services from many different suppliers. However, most clients can and will become loyal to a given veterinary practice.

In the absence of false loyalty that may occur when there is no alternative source of service and in the absence of loyalty induced through economic benefits of repeat business (e.g., tenth bag of dog food free), service marketing research has shown that loyalty is generated through client satisfaction.

Client satisfaction is derived through the value that the client perceives. Previous articles have discussed the derivation of value and the importance of the process component of the service delivered in veterinary practices. The article on employee satisfaction and productivity emphasized the reciprocal relationship between employee satisfaction and client satisfaction.

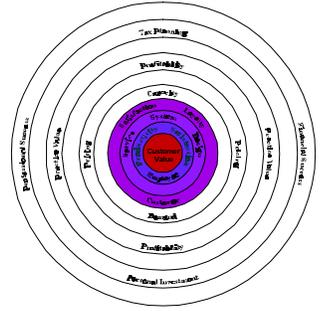
The level of client satisfaction needed to generate loyalty is very high. Those veterinary practices that survey their clients and receive average to moderately high scores for client satisfaction have likely not generated sufficient satisfaction to instill loyalty. Only the extremely satisfied client is a loyal client.

The Importance of a Loyal Client

Veterinary practices derive many economic benefits from a loyal client.

1. Loyal clients represent repeat business

It may seem unnecessary to elaborate on the economic benefit of a repeat client. Repeat visits equate to incremental revenues. However, the value of a repeat client may be much greater than readily apparent. Presently, the average client in Ontario spends approximately \$320 per year on veterinary services. If the expected life of the pet is ten years, a revenue source of $\$320 \times 10 = \$3,200$ over ten years can be expected. If the client obtains subsequent pets, the annual revenue source of \$320 extends into perpetuity.



2. Loyal clients spend more at each transaction

For many years, veterinarians have measured and compared average client transactions. While the average transaction amount is obviously influenced by the price structure, it is also influenced by the number of services purchased on each visit. Service marketing research indicates that loyal clients purchase more on each visit. In a profession where salesmanship is uncommon, increments in the number of services purchased at a given visit are more likely to be a factor of the level of client satisfaction and loyalty than a factor of sales ability.

3. Loyal clients are cheaper to serve

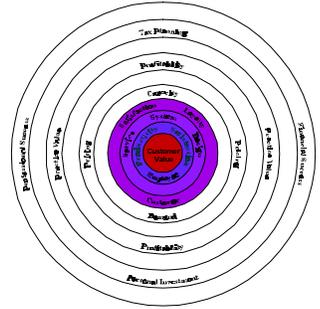
In general, repeat clients are easier and cheaper to serve than are new clients who are unfamiliar with the service system. Obviously, loyal clients are repeat clients and thus are easier and cheaper to serve than new clients. However, loyal clients are cheaper to serve than other repeat clients because of their level of satisfaction with the services provided and the level of trust that they have developed in the staff of the practice.

4. Loyal clients stimulate loyal employees

Loyal clients increase the level of employee satisfaction, loyalty, and productivity. It is imperative to establish employee satisfaction prior to expecting high levels of client satisfaction. However, the reciprocal relationship between employee and client satisfaction will have a snowball effect.

5. Loyal clients refer other clients to the practice

The most satisfied and loyal clients refer others to the practice. High-quality service will cause these referred clients to become loyal clients. Service marketing research has found that customers who choose a service provider as the result of a referral are much more likely to become a loyal customer than those who may have chosen a service provider on the basis of advertising or pricing. These new loyal clients will refer more clients who will become loyal, etc. It has already been identified that loyal clients can be a perpetual source of practice revenue. It is not difficult to envision the value of an infinite stream of loyal clients.



Therefore, staff and service systems must be honed to that degree that will generate high levels of client satisfaction and loyalty. Client value is the driver of client satisfaction and client loyalty, which in turn is the driver of demand for services and practice revenue.

There are several mechanisms for measuring client loyalty.

1. Surveys of the intent to repurchase

Quizzing clients on their intent to repurchase is a laborious mechanism of measuring customer loyalty. Typically, the intent to repurchase is overstated, but will be relative from survey to survey.

2. Purchase history

Those attributes of purchase history that may give some indication of customer loyalty are recency of purchases, frequency of purchases, average dollar value of purchases, annual dollar values of purchases, and longevity of purchase history. The average transaction and average annual client expenditure that veterinarians have come to measure are good indicators of client loyalty.

3. Customer referrals

Only loyal clients make significant numbers of referrals to a veterinary practice. Tracking sources of referrals will identify loyalty clients.

4. Measuring customer satisfaction

Overall levels of client satisfaction are a good indicator of client loyalty as only those very satisfied clients will be loyal. Measuring client satisfaction also affords the opportunity to learn of the satisfaction of individual attributes of the practice service (e.g., waiting times, appointment availability, explanations). Information on satisfaction of a given attribute of service may be especially important if this attribute has recently been changed in some way.