Bargaining power of customers

Bargaining power of customers can be defined as the markets of outputs; it is the customer putting pressure on the business.

Different clients want different things, and veterinary practices may need to consider becoming more specialised, it was suggested. As the overall pet market was growing, the nature of this ownership was changing, regardless of economic issues. There was a move from solely healthcare-based purchases, to a more ‘hyper-parenting’ method approach, for example, buying organic food, vitamins and even designer clothes for animals. The cost to a consumer of changing their practice was, it was pointed out, next to nothing and, while practices might believe that their client base was loyal, many clients went to more than one practice, and would happily admit this to their vet.

‘They are empowered, they have information and they thrive on information,’ said one participant, discussing the power of the customer and how this had changed with increased use of the web and social media. There was a change in the way that practices were having to market themselves and the most forward-thinking ones were advertising through smartphone-friendly websites and using online analytics to help push the traffic the right way. The groups thought that, as information was freely accessible, customers had changed in the way they interacted with veterinary knowledge; the practice was no longer their first port of call, they may have gone to the internet first.

But this presented a great opportunity, they said. Never before had the vet been able to interact so closely with the consumer, and it was this part of the ‘service’ that needed to be increased. However, there could be a downside as with the social aspect to technology developing, some contributors were worried that if a disgruntled customer took to a social network to complain about a practice, this could have a much bigger reach than before.

Client expectations had also increased and they might want added value or services; giving good service would increase client satisfaction, the group pointed out. The retail world had done a lot to increase customer expectations, and one participant believed that practices needed to accept that they were, at least in part, a retail venture as well as a healthcare provider. Service was the key to increasing customers’ trust and loyalty, and, it was suggested, if their trust was taken and amplified, ‘something big can happen’.

It was thought that, as customers became more demanding, much more needed to be done with regard to customer service and ‘people skills’; as one participant commented, ‘Nobody knows whether a vet is good, but they do know whether they are nice’.

Although many contributors believed that a practice should be run as a business, the customer service aspect was heralded by many, and some warned that, if a practice was viewed only as a business focussing on the bottom line, the trust with the client could disappear.

On their own, customers might not make much of a difference to a business, and it could be argued that their bargaining power is low; however, when considering a group of customers, the bargaining power was very high. ‘The industry is for the customers,’ it was pointed out and, therefore, ‘the main driver for any aspect of the industry has to be them.’