

# Free First Exams— Concerns and Realities

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With our encouragement, many hospitals have implemented a free first exam (FFE) offer to new clients. However, some practices are wondering: Is this really a good idea financially? Taking the numbers into account, we broke down all of the statistics and information to let the data do the talking.

## Is offering a free first exam worth it?

One of the most effective strategies that iVET360 recommends to our veterinarians is for them to offer a free first exam (FFE) to new clients. Essentially, we want new clients to experience the amazing service and care your hospital provides, without the concern of an initial fee. Often, the idea of a risk-free chance to meet prospective

veterinarians is all it takes for someone to leave their current hospital and migrate to a new one.

Although we encourage practices to adopt this promo because of its long-term monetary benefits, we understand the hesitation of offering such an aggressive discount. To address concerns and to paint a clearer picture of the extended value these free first exams offer, we have culled relevant data from over 75 hospitals, with half of these practices offering a free first exam and the other half having either no new client offer or a new client offer of 50 percent or less.

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### What did this data divulge?

Our findings revealed that the average revenue from new FFE clients was \$269 in their first year, whereas the average revenue from clients who did not receive a FFE was \$270. While there is a \$1 difference in revenue, please keep in mind that the clients who received a free first exam did not pay the exam cost—meaning they started off around \$50 lower than the clients who did.

Another point of interest was the client growth over the prior year. For hospitals that were offering a free first exam, they experienced an 11.2 percent growth in new clients—practices that did not offer a FFE only saw their growth increase by 0.3 percent.

While it may seem that new clients will of course flock to your hospital if they are offered a free first exam, it is important to note that these new clients will eventually end up staying with your practice, resulting in more clients which result in more revenue. This is evidenced by the staggering discrepancy in new-client revenue per hospital—for those veterinarians with the promo, they averaged \$256K in revenue, and for those that did not have the offer, they only saw \$174K of revenue over the course of a year.

Taking all of the numbers into account, it is then deduced that, in the long run, practices are able to have significant new client growth without losing initial revenue when they are offering free first exams.

### Despite the statistical data, some hospitals may still have concerns

Offering a free service to any client comes with some concerns. Although we have provided a thorough breakdown of the statistics behind the promotion, there are still lingering doubts about the FFE service, which we have taken into consideration and address here:

- **It appears that many clients will use this offer and won't want to spend any money.** It may seem this way, and sometimes, several of those clients who do get the free exam only come on that same day. However, even in hospitals who feel strongly that the FFE discount causes low-spending clients to come in, the reality is that they still average 25–30 percent low-spending new clients with or without the offer. Of the 28 percent of clients who only receive the exam on their first visit, over half of them end up coming back at some point to complete services recommended at that first exam. The bottom line is: don't give up hope just because they didn't accept your recommendations today.
- **Clients who use the FFE won't spend enough in the long run to make the offer worth the initial investment.** In most of our hospitals, the value of a FFE is between \$50–\$70. Our data shows that the average client who used a FFE on their first visit will go on to spend an average of \$269 in their first year as a client.
- **This offer will bring in disloyal clients who won't come back.** We have found the opposite to be true. In most hospitals, only about 50–60 percent of new clients return to the practice within 15 months. However, if we isolate clients who used a FFE discount on their first visit, we find that 65–75 percent of them return within 15 months. This is a tremendous difference that gives credence to the idea that most of the clients who use a FFE discount are, in fact, looking for a long-term veterinarian.



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