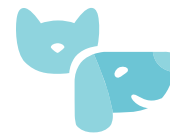


2013



PetCareRx[®]
Happier, Healthier Pets

Pet Healthonomics Report



2013 Survey Results

Welcome to the 2013 Pet Healthonomics Report by PetCareRx

In August 2013, PetCareRx began the **Pet Healthonomics** study to discover how much the rising costs of pet healthcare are affecting the lives and lifestyles of pet parents in the United States. The findings of that initial report proved just how important a conversation about navigating these costs is, and the survey was expanded to over 1,100 pet parents in October 2013.

The Pet Healthonomics Panel consisted of members of the PetCareRx 'Voice of the Pet Parent' Panel and pet parents discovered through PetCareRx and partner social media channels as well as through SurveyMonkey Contribute. Respondents included both male and female pet parents, representing a range of income levels and age brackets 18 and up, and across the United States. Data collected included number, ages, and health of cats and dogs in households, prescription medications used for pets, and chronic conditions present in pets. Questions focused on how pet parents feel about pet healthcare spending and costs, what sacrifices they have or would make to afford pet healthcare, and what strategies they're using to save money and learn more.

Competing Trends: Higher Costs vs. Lower Incomes

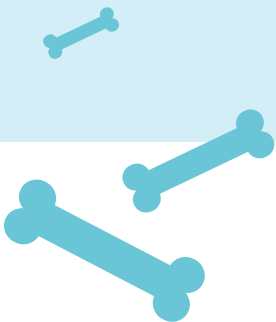
3 out of 4 pet parents are concerned about the rising costs of pet healthcare and their ability to afford care for their pets. And it's no wonder — over the past five years, the annual costs of caring for a dog have increased 15% to \$1,649 while cat care costs have jumped 28% to \$1,271 per year.* During this same time, median US household income declined 7.5%.** Given these competing trends, pet parents want to find more value for every dollar without jeopardizing the health of their pets.

*American Pet Products Association Reports 2007-2008, 2013-2014 - <http://www.americanpetproducts.org/>

**March 2007 vs Feb 2013, pre tax and adjusted for inflation and seasonal factors - <http://www.washingtonpost.com/blogs/wonkblog/wp/2013/03/29/chart-median-household-incomes-have-collapsed-during-the-recession/>



What's Inside



Reconciling Emotions vs. the Pocketbook 04

73% of pet parents say they would consider paying almost any amount of money to keep their pet healthy, yet 35% are skipping vet visits to save money.

Pet Parent Fears Are Being Validated 07

The number one pet parent fear is that their pet will “suffer from a chronic or acute illness.” Healthcare spending increases 53% when a pet has a chronic condition, and these higher costs are contributing to pet parents’ worries.

Finding Better Value 09

38% of pet parents save money through buying their pet’s medications online. PetPlus, the first-ever prescription plan for pets, is poised to help savvy pet parents save even more.

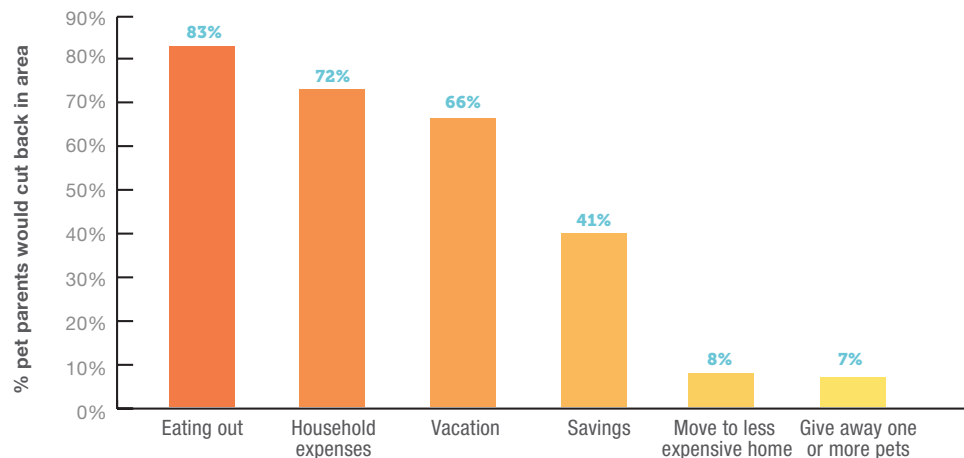


Reality checks are tough, but when dealing with our pets' health, our research suggests good intentions can get lost in the day-to-day search for ways to spend less.

Pet Parents Are Willing to Make Sacrifices for Their Pets' Health

73% of pet parents surveyed agree with the statement, "I would consider paying almost any amount of money to keep my pet healthy." This dedication is apparent in what they'd be willing to give up in order to provide better healthcare for their pets:

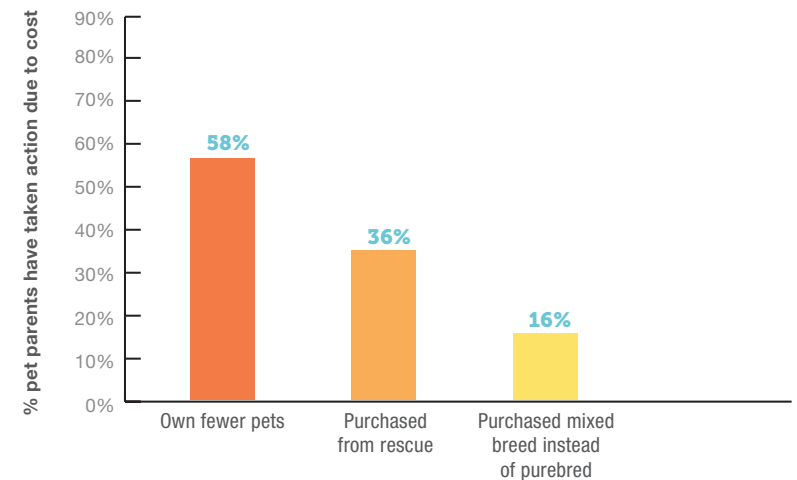
Where Pet Parents Would Cut Back for Their Pet's Health



73% of pet parents agree:
"I would consider paying almost any amount of money to keep my pet healthy."

Choices about how many pets to own have been heavily affected by costs, as have choices about where to adopt or purchase pets.

How Costs Affect Acquiring Pets



Dangerous Cost-Cutting Choices

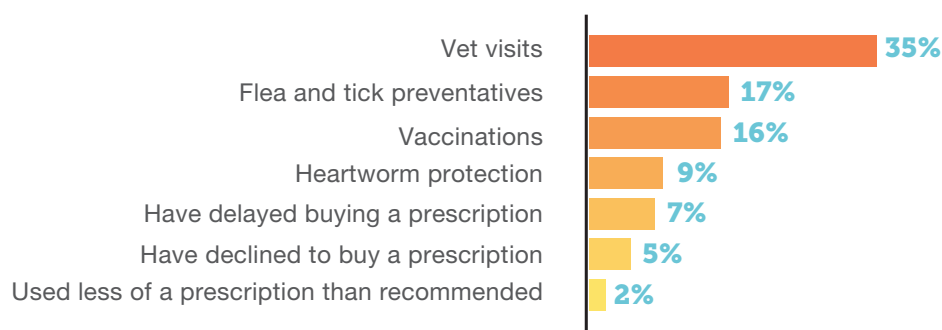
Despite intentions to provide the best care for their pets by owning fewer pets and making budget sacrifices, many pet parents are taking potentially dangerous cost-cutting measures with their pet's healthcare.

The most commonly cut expense is veterinary visits: 35% of pet parents are skipping vet visits in order to save money. Flea and tick preventatives, vaccinations, prescriptions, and heartworm preventatives are other areas where pet parents are cutting back, potentially exposing their pets to dangers—and large healthcare bills—down the line.

12% of pet parents have taken one of these cost cutting measures with their pet's prescriptions: delayed buying a prescription, used less of a prescription than recommended, or declined to buy a medication their pet was prescribed.

Most Popular Money-Saving Actions

% pet parents cutting back in area



12% OF PET PARENTS
have taken one of these
potentially dangerous steps:

- 1 Delayed buying a prescription
- 2 Used less of a prescription than recommended
- 3 Declined to buy a prescription

HOW DO YOU
CUT COSTS
ON YOUR PET'S
HEALTHCARE?





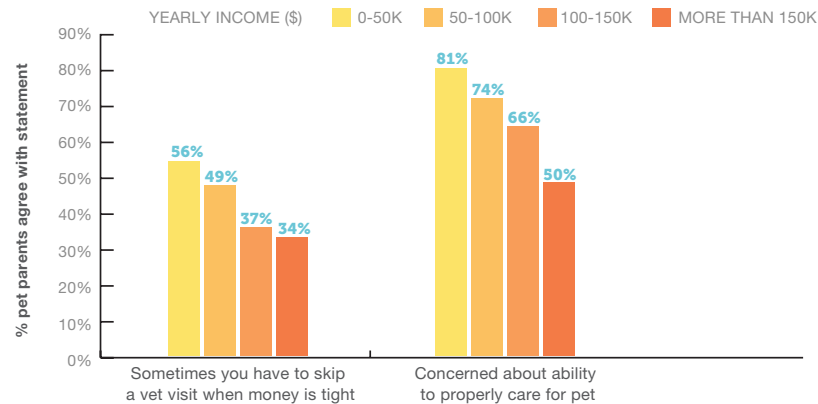
Veterinary visits
are the spending
area most likely to be
affected by income.



Income Affects Pet Healthcare Approaches

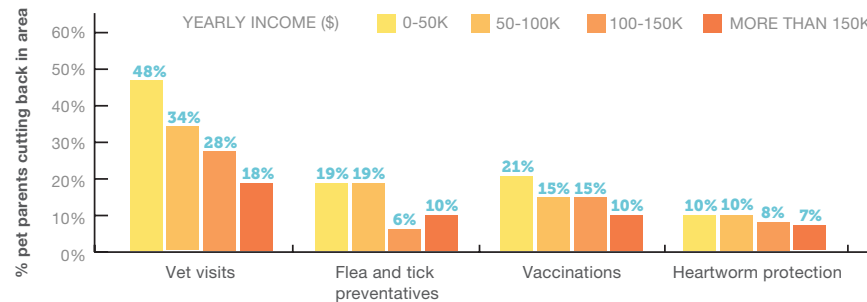
Not surprisingly, household income affects how pet parents are managing their pet healthcare costs and how they feel about budget challenges. Pet parents with a lower yearly income are more likely to agree that skipping vet visits might become necessary, and much more likely to be concerned about their ability to care for their pets.

Pet Parent Opinions and Concerns by Income Level



Of all pet healthcare spending areas pet parents are cutting back in, the most affected by income is veterinary visits. Choices about pest preventatives and vaccinations are less affected by income level.

Where Families Are Cutting Back



Pet Parent Fears Are Being Validated

SURVEY RESULTS

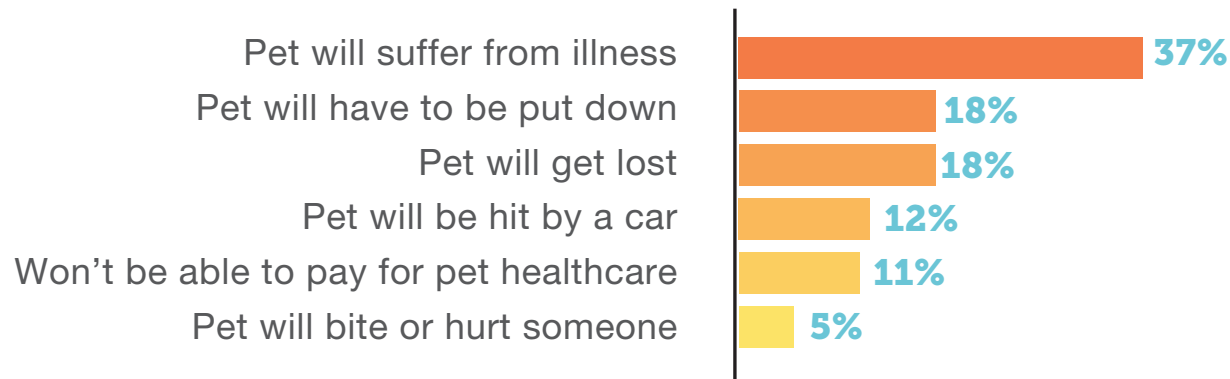
The Pet Healthonomics study revealed that most pet parents are concerned about the rising costs of pet healthcare and their ability to afford care for their pets: 3 out of 4.

What Do Those Concerns Look Like?

- 1 When ranking their fears about their pets' wellness, the #1 pet parent fear was that their "pet will suffer from a chronic or acute illness."
- 2 Nearly one third of respondents named the fear that they "won't be able to pay for healthcare my pet needs" as their #1 or #2 concern.

Pet Parents' Top Fears

% pet parents ranked each as #1 fear for their pet



HOW CAN I
SAVE MONEY
AND PROVIDE
BETTER CARE?



3 out of 4



pet parents
are concerned
about the rising
costs of pet
healthcare.

Pet parents who care for pets with chronic conditions spend **53% MORE** on average than pet parents who do not care for pets with chronic conditions.

When #1 Pet Parent Fear Strikes, Costs Skyrocket

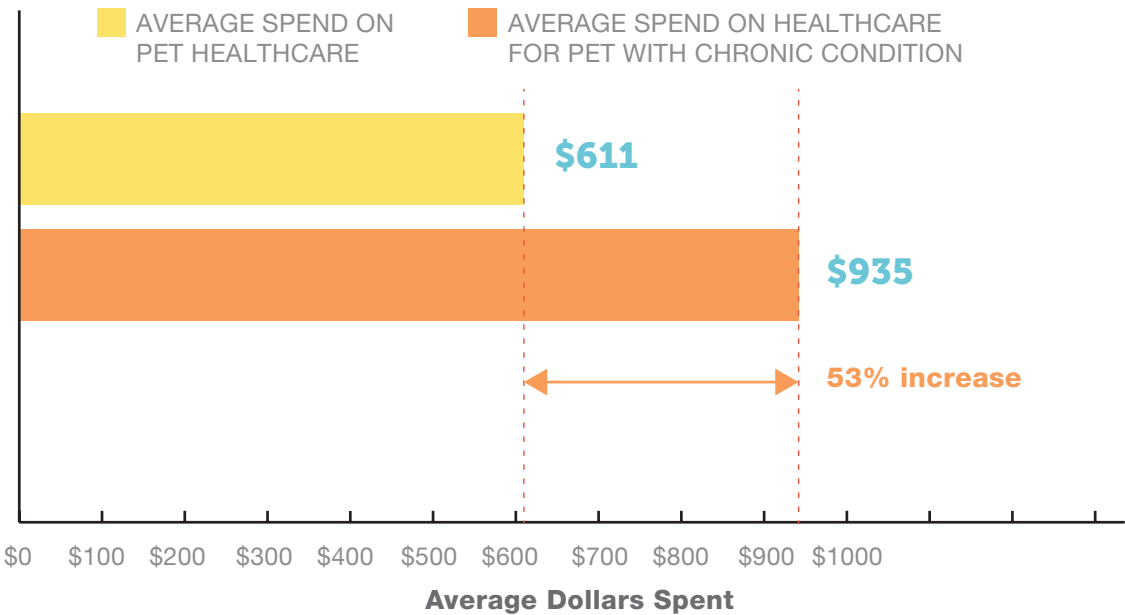
Pet parents may find their level of fear about their pet's health is validated by costs as well as the heartache that comes with caring for a sick pet. On average, the Pet Healthonomics study found that pet parents spend \$611 per year per pet on healthcare related expenses like vet visits, prescription medications and diets, flea and tick protection, and emergency procedures and care.

Pet owners whose pets have a chronic condition spend an average of \$935 per year per pet on healthcare expenses. That's a 53% increase over the average, and some pet parents are paying much, much more — into five figures for pets with very serious conditions like cancer.

Chronic conditions surveyed were Addison's disease, arthritis, cancer, Cushing's disease, diabetes, heart disease, hip dysplasia, hyperthyroidism, hypothyroidism, kidney disease, and urinary incontinence.



Healthcare Spending Per Year Per Pet



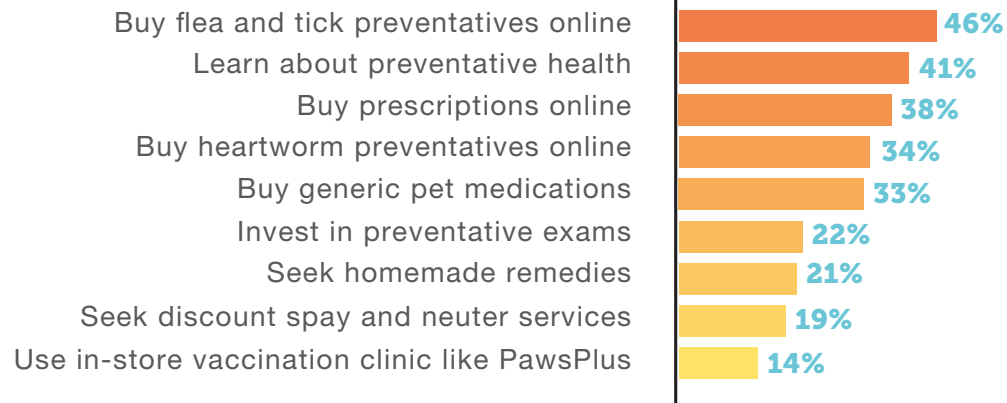
Facing the growing costs of pet healthcare, pet parents are highly motivated to find ways to get more value out of every dollar.

An encouraging 41% report they have saved by learning more about preventative health and wellness and 22% report investing in preventative methods or preventative exams with their vet. 76% Google their pet health related questions to find answers and guidance online.

Buying pet medications online is a popular way to save money—38% of pet households surveyed take advantage of the lower prices online.

Most Popular Money-Saving Actions

% pet parents have taken action



When it comes to buying pet medications, pet parents could still save more money. 72%* of pet parents get their pet's prescriptions from their veterinarian, even though it's often much more expensive to do so.**

*Some of the pet parents who buy pet prescriptions online (38%) also buy some prescriptions from their vet, and vice versa, hence the uneven split.

**Consumer Reports: <http://www.consumerreports.org/cro/news/2013/05/where-is-the-best-place-to-get-medication-for-my-pet/index.htm>



72%
of pet parents get prescriptions from their veterinarian, even though it's often much more expensive to do so.

Only 9%
of the survey
respondents
have purchased
pet insurance.

The most common
reason pet parents
haven't purchased
it is because they're
not sure it's worth
the investment.



When Pet Insurance Isn't Worth It

Pet insurance has become a popular option for pet parents looking to protect their pets and better afford pet healthcare costs. However, *Consumer Reports'* 2010 study concluded that pet insurance is usually not worth the investment.* Only 9% of survey respondents have purchased pet insurance. The Pet Healthonomics study found that the most common reason pet parents haven't purchased pet insurance is because they're not sure it's worth the investment.

Reasons Pet Parents Haven't Purchased Pet Insurance

% pet parents agreed with statement



Options Beyond Pet Insurance

Aside from pet insurance, pet parents have other options: solutions like buying medications from reputable online pharmacies make a big difference in pet parents' financial situations, and aren't potentially dangerous to their pet's health.

Because many prescriptions for pets are also labeled for human use, they're available at Walgreens, CVS, and other local drug stores. Some savvy pet parents already know:

12% of pet parents surveyed get their pet's prescriptions from their local pharmacy.



* <http://www.consumerreports.org/cro/2010/09/is-pet-insurance-worth-the-cost/index.htm>



**Introducing a new way
to buy pet meds...**

PETplusTM

*The Prescription Plan for Pets!*TM

The pet parent voice is clear:

**We're paying too much for pet healthcare;
we're concerned about the rising cost.**

PetPlus is the first prescription plan for pets to offer hundreds of pet prescriptions through in-store pickup or convenient free delivery at extremely low member prices.

Membership also includes savings on vet visits, vaccinations, boarding, supplies, and more.

Learn more at PetPlus.com





About PetCareRx:

PetCareRx's mission is to add love to the world by enhancing the lives of pets and pet parents. Learn more at PetCareRx.com and PetPlus.com.
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