2013 AVMA Workforce Summit

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4 Major Issues

• Excess Capacity in Profession
• High Cost of Entry
• Lack of Diversity
• Lack of Evidence Based Action
Market for Veterinary Services
Market for Veterinary Services

Diagram showing the market for veterinary services in 2008 with price (P2008) on the vertical axis and quantity (Q2008) on the horizontal axis. The supply (S2008) and demand (D2008) curves intersect at a point indicating the market equilibrium price and quantity. The trend line represents the general direction of the market.
$1.2 Trillion GDP Gap

$4000 per capita Gap

$1600 per year growth in per capita income

7.5% Reduction In Per Capita GDP & GDP
Market for Veterinary Services
Impact of Economy

Price

Q_{2013} \quad Q_{2008}

P_{2008}

S_{2008}

D_{2013}

D_{2008}

Quantity
New Veterinarians in the US Market

$y = 18.369x + 1906.9$

$y = 35.316x + 1819.3$

Current Supply Above Trend
Market for Veterinary Services
Impact of New Veterinarians

Price

P_{2008}

S_{2008}

S_{2013}

D_{2008}

Q_{2008} = Q_{2013}

Quantity
Veterinary Services Industry (NAICS 541940)

Prices Affect Demand

Source: [http://www.bea.gov/industry/gdpbyind_data.htm](http://www.bea.gov/industry/gdpbyind_data.htm)
Market for Veterinary Services
Impact of Price Increases

Price

P_{2013}

P_{2008}

Q_{2013} Q_{2008}

D_{2008}

Quantity
Supply increased faster than trend
Demand well below trend
Price increases above GDP/capita growth

12.5% Excess Capacity
Share of Excess Capacity in Veterinary Services, 2013

- Lost Demand from Recession
- New US Veterinarians
- New Foreign Veterinarians
- Price Increases
- Other
*Take **Immediate** Action

*Reduce Number of Clinics, Veterinarians, Vet Techs
  *How many, what type, where?*

*Increase Demand (taste and preferences, income)*
  *Increase consumer information*
  *PHP $5.5 million for $27 billion industry (.02% investment)*

*Reduce Price (Increase Quantity Demanded)*
  *How much? On what services?*
*Take **Strategic** Action

* What are we willing to spend?
* How long are we willing to take?
* What return on Investment do we desire?
* What action provides the biggest impact?
Strategic Plan – Building an Economic Program

- DATA
- Models
- Information
- Performance
Where are we headed?

FAPRI
Food and Agricultural Policy Research Institute

The Food and Agricultural Policy Research Institute (FAPRI) is a unique, dual-university research program, established in 1984 by a grant from the U.S. Congress, to prepare baseline projections for the U.S. agricultural sector and international commodity markets and to develop capability for policy analysis using comprehensive data and computer modeling systems of the world agricultural market.

The Center for Agricultural and Rural Development (CARD) at Iowa State University develops the international side of the models, and the Center for National Food and Agricultural Policy (CNFAP) at the University of Missouri-Columbia develops the U.S. domestic component. Both centers conduct independent as well as joint policy analyses, which are posted at their respective Web sites given below.

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