

## Business Plan: Sarah's Exotic Pet Hospital

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**ABSTRACT:** *In this paper, the author analyzed the business idea: exotic pet hospital using different tools such as the five competitive forces, 4Ps and SWOT analysis. It includes the basic information of the company, the main people in the company, service description, research and development, industry and market, marketing strategy, product manufacturing, financial forecast, and risk control. Though it would lose money in the first year, in the third year, it would cover that loss and make a profit in the third year.*

**KEYWORDS:** *Pet hospital, Marketing strategy, Service Description, Product manufacturing.*

### Section 1: Basic information of the company

Our company is called 'Sarah's Exotic Pet Hospital', which would provide healthcare services, such as surgery, physical examination, sterilization, outpatient service, expelling parasite and free online consulting services aiming at exotic pets, such as lizards, snakes, hedgehogs, chinchillas, and foxes. We would also provide mating, free training services, foster care and beauty treatments for the exotic pets. I planned to start the business after the economy recovers, so the income for people would be higher, and they would buy more exotic pets, and would be more willing to spend money on healthcare services for their exotic pets. I also planned to start my exotic pet hospital in Chaoyang District, Beijing, in or close to the high-grade residential area. The area of my exotic pet hospital would be about 100-200m<sup>2</sup>.<sup>1</sup> Therefore, the rental fee would be between 15000 to 60000RMB per month.<sup>2</sup> In my

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<sup>1</sup> <http://i.meituan.com/>

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[https://m.58.com/chaoyang/shangpucz/h511574l4m5t5/?reform=pcfront&gposLastIndex=155&huansuanyue=0\\_50000&money=1&PGTID=0d306b31-0047-64ce-282a-c5000955e1df&ClickID=1](https://m.58.com/chaoyang/shangpucz/h511574l4m5t5/?reform=pcfront&gposLastIndex=155&huansuanyue=0_50000&money=1&PGTID=0d306b31-0047-64ce-282a-c5000955e1df&ClickID=1)

prediction, I have found that my business would experience a loss of 733600RMB in the first year, but we would cover that loss and make a profit of 241566RMB in the third year.

## **Section 2: The main people in the company**

In our exotic pet hospital, I would study to be a pet trainer and a pet groomer, and I would also employ an exotic pet doctor with a salary of about 18000RMB per month,<sup>3</sup> who could treat a large variety of exotic pets and also some normal pets, including reptiles such as snakes, lizards, and geckos. Besides, the exotic pet doctor should also be able to treat some mammals such as chinchillas, foxes, martens, dogs, and cats, and some birds such as call ducks and parrots. In addition, I would also employ a nurse with a salary of about 7000RMB per month, who should always be patient and kind to the exotic pets and their owners, and should not be afraid of reptiles like snakes or insects such as crickets and cockroaches.

## **Section 3: Service Description**

Our exotic pet hospital would mainly provide healthcare services such as surgery, physical examination, sterilization, outpatient service, expelling parasites, and free online consulting services aiming at exotic pets, such as lizards, snakes, hedgehogs, chinchillas, and foxes. We would also provide some other services such as mating, free training services, foster care and beauty treatments for the exotic pets if the owners want. On normal days, we would only provide those services to exotic pets, but during the period when the number of patients is too low, we would also provide our services for the traditional pets such as cats and dogs. We would also keep some common exotic pets in our hospital for mating, and to make the period of treatment less boring, the exotic pet owners who take their pets to our hospital for treatments could sign up for a membership card and play with the pets we kept in the exotic pet hospital freely. Moreover, when the exotic pets accidentally mate against the will of the pet owner, we could help them sell the babies, but we would charge them a little bit for about 5RMB each baby as the agency fee.

## **Section 4: Research and development**

At present, we have got plenty of medical equipment which is needed according to the legislation, including diagnostic table, squeezer, mouth gag, vagina opener, stethoscope, weight balance, microscope, thermometer, infusion support,

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<sup>3</sup> <https://www.pethr.com/job/88364.html>

B-ultrasound scanner, X-ray imager, operation table, shadow-less lamp, surgical instruments, instrument cabinet, fridge, thermostat, Ultraviolet disinfection lamp, medicine cabinet, spray sterilizer, pressure sterilizer, washing machine, sterilizing closed instrument cabinet, isolation boxes for animals with infectious diseases and necessary padding materials, facilities to make the pollutants and dead animals harmless.<sup>4</sup> Therefore, we could help to treat most of the problem got by the exotic pets, including fracture, eye secretions, skin depilation, teeth mis-bite, flatulence and diarrhea, uterine abscess or tumor (especially in female guinea pigs prone to ovarian cysts after two years old), cardiopulmonary problems, tachypnea, heat stroke, shell problems (turtles), abscesses in turtles' ears, eyelid edema, respiratory infections, intestinal parasites, incomplete molting, calcium deficiency and dystocia. We could also give vaccine to mammals like ferrets and raccoons which are vulnerable to different kinds of infectious diseases such as rabies, canine distemper and feline panleukopenia. In the future, when the number of patients in our exotic pet hospital becomes stable, and I have earned enough profit, I decide to buy some less common exotic pets such as call ducks and alpacas for the VIPs who come to our exotic pet hospital to play with. I am also planning to open another exotic pet hospital in Haidian District, Beijing within five years after I start the first one in Chaoyang District if everything goes well.

### **Section 5: Industry and market**

According to the annual report on China's pet market published by Goumin, the country's largest pet website, the market value rose from 14 billion yuan in 2010 to 170 billion yuan (\$24 billion) last year. Although the report didn't provide specific statistics about the exotic pet market, it showed that 36 percent of China's 73 million pet owners keep reptiles and rodents. In 2000, only about 20 shops on Taobao, China's largest online shopping platform, sold exotic pets. Now, a search using the keywords "exotic pets" brings up details of more than 1,000 retailers. Also, the number of registered members of PXTX, one of China's biggest online forums for lovers of turtles, lizards and snakes, has risen from nearly 1,000 in 2002 to more than 400,000. This year, about 30 pet exhibitions will be held in China, 26 of which will feature lizards and rare birds, according to World Animal Protection, a global nonprofit group. A report released by the group shows that the global trade in exotic pets has "flourished", with more than 500 bird species and 500 reptile species traded worldwide, and the Chinese market has seen rapid growth in recent years.<sup>5</sup> Data from the National Bureau of Statistics show that annual per capita disposable income soared from 18,311 yuan in 2013 to 28,228 yuan last year, and Luo believes

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<sup>4</sup> <https://zhidao.baidu.com/question/515165533.html>

<sup>5</sup> [http://www.chinadaily.com.cn/global/2019-08/22/content\\_37504430.htm](http://www.chinadaily.com.cn/global/2019-08/22/content_37504430.htm)

the rise in living standards has been a major driver of the booming pet market. "People can easily satisfy their basic needs, and that gives them more freedom to develop hobbies and spend their extra cash on pets," he said. According to my research done on June 20th, 2020 with 7 exotic pet shops in Harbin, 64 online shops on Jingdong, and 78 online shops on Taobao, I have found that exotic pets are normally quite expensive, for example, it would cost about 1500-3000RMB to buy a chinchilla, 550-9000RMB to buy a call duck, 300-5000RMB to buy a pony, 20000-50000RMB to buy a fennec fox, and 1000-10000RMB to buy a sable. Meanwhile, as the exotic pets have not yet adapted to the captive environment, they would frequently get different kinds of diseases,<sup>6</sup> which the pet owner would have no way to deal with it, and normal pet hospitals also could not treat those kind of diseases sometimes due to lack of specialist equipment and doctors. Therefore, the pet owners would have to go to the exotic pet hospital to treat their exotic pets. However, as there are only 6 exotic pet hospitals in Beijing, and most of them have plenty of negative feedbacks of compulsory comments and poor services,<sup>7</sup> I think that there is still room for my business to enter into the market and thrive.

### **Section 6: Marketing strategy**

Instead of just treat three or four kinds of the most expensive animals, our exotic pet hospital would treat a larger variety of animals. We would also offer a better quality of service, with doctor and nurse who are patient and kind to all kinds of animals, and there would also be no compulsory comments in our exotic pet hospital. As some of the exotic pets have bad habit of biting people, we could also provide free training services of altering bad behaviors for all kinds of mammals and birds if the pet owners take their pets for a treatment in our exotic pet hospital. But for the pet owners who want their exotic pets to learn some small tricks, we would charge a little bit (about 15RMB each trick) for that as that is a little bit more difficult. For the owners of reptiles, we could offer some discount coupons for the beauty treatments as the reptiles could not be trained. If the pet owner is a VIP of our exotic pet hospital, he or she could also play with the exotic pets we kept in our exotic pet hospital for mating, so they would not feel so boring when they are waiting for the doctor to finish the surgery for their exotic pets. For foster care service, we would offer different kind of cages at different prices, but the pet owner could also prepare a cage on their own, and we would charge lower for that. If the pet owner do not want the food we prepared in our hospital, they could also prepare on their own, and we would charge them lower as well. Besides, we would also rent a place where

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<sup>6</sup> <https://baijiahao.baidu.com/s?id=1664281749936198850&wfr=spider&for=pc>

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[https://www.dianping.com/search/keyword/2/0\\_%E5%BC%82%E5%AE%A0%E5%8C%BB%E9%99%](https://www.dianping.com/search/keyword/2/0_%E5%BC%82%E5%AE%A0%E5%8C%BB%E9%99%)

there is a parking ground nearby, so that the pet owners with a car could park their cars there. In addition, as the antibiotics could create different kinds of problems for exotic pets as it does on humans,<sup>8</sup> I would also reduce the use of antibiotics in my exotic pet hospital. Nevertheless, this could increase our costs dramatically, so we would price our services about 20% higher than the average price of the service at about 1000RMB on average per treatment. Fortunately, according to my research, in Beijing, the average spending on exotic pet treatments varies from 273RMB to 2591RMB, and only 57 people have ordered the service in the cheapest hospital in the first half of 2020, but 528 people ordered the service in the most expensive one, though the score of the two hospitals are the same.<sup>9</sup>

In Shanghai, this price varies from 270RMB (112 customers) to 2114RMB (1798 customers), and the score of the most expensive one was just 0.9 points higher than the cheapest one.<sup>10</sup>

Therefore, as consumers are able to afford the higher price, we do not need to worry about the increase in cost due to the better quality of service we brought.

### **Section 7: Product manufacturing**

There is no fixed production time or process of treating either exotic pets or normal pets, because it depends on the species of the pet and kind of disease the pet got.

### **Section 8: Financial forecast**

After analyzing all the costs and revenue of my exotic pet hospital, I have concluded the following income statement.

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<sup>8</sup> <https://www.doc88.com/p-3187941200271.html>

<sup>9</sup> <https://www.meituan.com/chongwu/1499994298/>  
<https://www.meituan.com/chongwu/157689624/>

<sup>10</sup> <https://www.meituan.com/chongwu/164574665/>  
<https://www.meituan.com/chongwu/424615/>

Income projection for exotic pet hospital				
Assumptions	2020	2021	2022	notes
average treatment fee	¥1,000	¥1,100	¥1,210	about 10% increase per year
# of patients	300	700	1000	new business, so large increase in number of patients if successful
# of treatments per patient	2	2	2	no change
# of days per treatment	3	3	3	no change
medical cost per customer per treatment	¥100	¥110	¥121	about 10% increase per year
food cost per month (all pets)	¥270	¥470	¥617	varies with the number of patients
exotic pet doctor and nurse salary per month	¥25,000	¥27,500	¥34,375	about 10% increase per year, another 15% increase for increase in time of working
padding material cost per month	¥30	¥70	¥100	varies with the number of patients, about ¥4 per 500g
	2020	2021	2022	
<b>Revenue</b>	¥600,000	¥1,540,000	¥2,420,000	
<b>Direct costs (variable - COGS)</b>				
vaccine, anesthetic and other medicine	¥60,000	¥154,000	¥242,000	
pet food	¥3,240	¥5,640	¥7,404	
padding material	¥360	¥840	¥1,200	
<b>Direct costs subtotal</b>	¥63,600	¥160,480	¥250,604	
<b>margin:</b>	11%	10%	10%	
<b>Indirect costs (fixed -SG&amp;A)</b>				
advertisement	¥100,000	¥105,000	¥110,250	about 5% increase per year
staff salary	¥300,000	¥330,000	¥412,500	about 10% increase per year, another 15% increase for increase in time of working
rental	¥600,000	¥660,000	¥726,000	about 10% increase per year
medical equipment	¥100,000	¥0	¥0	a start-up cost
other capital stocks and decoration	¥50,000	¥0	¥0	a start-up cost
training fee	¥20,000	¥0	¥0	a start-up cost
misc	¥100,000	¥110,000	¥120,000	provision for unexpected expenses
<b>indirect costs subtotal</b>	¥1,270,000	¥1,205,000	¥1,368,750	
<b>margin:</b>	212%	78%	57%	
<b>Pre-tax income</b>	¥-733,600	¥174,520	¥800,646	

## Section 9: Risk control

Normally, we would only treat exotic pets, but as our doctor is also qualified in normal pet doctor, when the number of patients is too low, or the exotic pets becomes less popular, we could also treat some normal pets to keep enough profit for us to survive.

## References

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