

A Preliminary Research on Willingness to Pay Pet Lovers on Services in Animal Health Center

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Abstract. Pet lovers in big cities have been growing and tend to increase demand of services in animal health center. Currently, There are no pay services in Depok animal health center. However, due to over increase on demand and limited budget to improve services, local government encourage manager to assess potentially charge. So, This research aims as a preliminary research to assess willingness pet lovers to pay services on Depok animal health center. The primary data gathered by survey from 24 pet lovers who came to Depok animal health center between October- November 2019. Secondary data for benchmarking were obtained from the internet and brochures. The result showed for demographic respondent aspect dominated by women (96%) as housewife (63%), with average allocated budget for pets was 670.000 IDR/month. Respondents came to Depok animal health center was on average 6 times annually with pets were dominated by cats (96%). The average willingness to pay service was 25 583 IDR/service. The charge is relative affordable based on other ones as benchmark

Keywords : Pets budget, Pets clinic, Service charge

1. Introduction

The number of Indonesian pet lovers has been growing along with middle class growth especially in big cities. Entrepreneurs and veterinarians collaborate to take this opportunity and set up business related to animal care such as feed shops, pet clinics and animal health centers. For veterinarians, charge service is uncomfortable topic to discuss [1]. However, cost and revenue should be calculate to run business.

Although visit to veterinarian is considered expensive, majority pet lovers want to invest in their pets' health for example to medical checkup or vaccinated [2]. There are some reasons why people love and want to invest in pets such as for hobbies, reducing loneliness on elderly people [3,4] some times considered

as family member[5] and connected with religious perspective to concern on animal welfare[6].

On other hand, Government has responsibility to improve animal welfare, to avoid disease spreading such as supply vaccine in low cost [7]. Therefore, Indonesian local government provide animal health center with free of charge services. However, to set up friendly animal health center and to improve service need cost [8] while government has limited budget. As consequence, manager has been encouraged to improve services by affordable charge of services.

Research of willingness pet lovers to pay services had done by researchers such as willingness respondents to pay service of dog's nausea and vomiting [9], rabies vaccination [10–12], and bacteria prevention [13]. In addition, there is opportunity to develop services such as pet stress handling [14–16], pet telemedicine and online feed supply [17]. So the aim of this research is to analyze willingness pet lovers to pay services which currently no service charge in Depok animal health center.

2. Methods

Data gained from literature review, internet, benchmarking and interview by a questionnaire during October- November 2019. Benchmarking had done by interview business owner of pets care or pet clinics around Depok City and other local government health center that has been applied charge of service. Respondent of the research was 24 clients of Depok animal health center which currently free charge to get service. Charge service in this context as levy, paid only for basic treatment such as consultation, medical checkup and subsidized medicine.

WTP is a concept where consumers are willing to pay the maximum price or the price below it in buying a product or service. There are several methods that can be used, including using transaction data, survey data, Vickrey Auction and Becker-DeGroot-Marschack's BDM [18]. One of the popular data processing using survey data is the Contingent Valuation Method (CVM). Some researchers use CVM to measure WTP [19–21]. This research used direct survey with open ended questioner in an existing hypothetical market. Steps to apply in this research were setting up the hypothetical market, obtaining bids, calculating average WTP see equation 1, estimating bid curve, aggregating data and evaluating the CVM exercise.

$$EWTP = \frac{\sum_{i=1}^n Wi}{n} \quad (1)$$

EWTP = average prediction of Willingness to pay
 Wi = score WTP for individual item
 n = number of respondents
 i = individual willingness to pay (i = 1, 2,..., n)

3. Results

3.1.Respondent Characteristics

Pet lovers is dominated by women with good education (undergraduate) and majority is housewife (Table 1). The range of age respondent between 16 and 60 years old with average of age 42 years old. They spent budget for pets minimal 80.000 IDR/mohth and maximum 3 million IDR/month with average 670.000 IDR/month. Pet lovers come to animal health center average 6 times/year.

Table 1 Characteristics of Pet lovers (n=24)

| Variables | Sub Variable | Percentage |
|------------|--------------------|------------|
| sex | Male | 4% |
| | Female | 96% |
| Education | Elementary school | 4% |
| | Junior high school | 4% |
| | Senior high school | 42% |
| | Undergraduate | 46% |
| | Graduate | 4% |
| Occupation | Housewife | 63% |
| | Entrepreneur | 13% |
| | Teacher | 4% |
| | Lab assistant | 4% |
| | student | 4% |
| | Retired | 8% |

3.2.Type of disease

Kind of the pets is dominated by cat (95%) and type of disease majority by diarrhea, virus and flu (Figure 1).

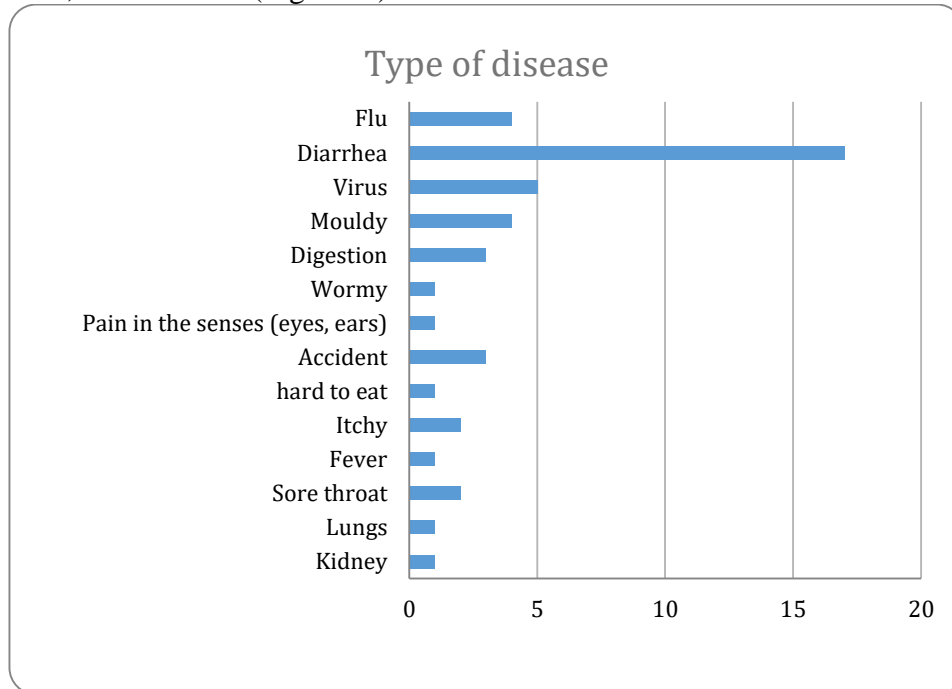


Fig.1 Type of Disease

3.3.Willingess To Pay a service

Direct open question to respondent had applied and majority respondent want to pay charge (87,5%) with various number and only 13 % still want free charge (Table 2). Calculation use average WTP charge (see equation 1) is 25 583 IDR/service. Value from the Table 2 plotted to graphic percentage of WTP and price (Figure 2). In this case, If average WTP will be applied, customer of Depok animal health center will potentially reduce into 60% (Figure 2).

Table 2 Willingness To Pay services in animal health center

| Price* | WTP | | | Total * |
|--------|----------------------|----------------|-------------|---------|
| | Number of Respondent | Percentage (%) | Cummulative | |
| 50 | 8 | 33 | 33,3 | 400 |
| 40 | 1 | 4 | 37,5 | 40 |
| 20 | 8 | 33 | 70,8 | 160 |
| 5 | 2 | 8 | 79,2 | 10 |
| 2 | 2 | 8 | 87,5 | 4 |
| 0 | 3 | 13 | 100,0 | - |
| | 24 | 100 | | 614 |

*price in IDR thousand

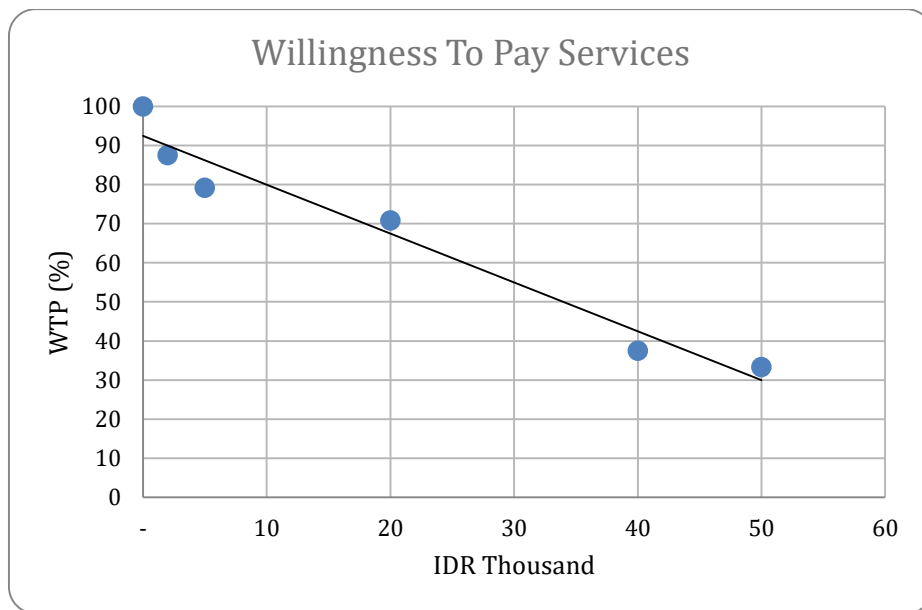


Fig.2 Charge and Willingness To Pay

Benchmarking of type of services animal clinic are various from doctor fee, vaccine, surgery until blood test and test kit. Charge of service is also various from 20 thousands IDR to over 1 million IDR. Pet lovers as customer of Depok animal health center want to simple charge in the basic services every come.

Table 3 Type of services and animal health center charges

| Type of Service | GS Petclinic | BG Petclinic | Am Petclinic | BB Petshop | Local Government CM |
|-----------------|--------------|--------------|--------------|------------|---------------------|
| Doctor fee | 70 | 70. | 50 | 50 | 20 |
| Vaccine | 180 – 285 | | 150 | | |
| Treatment | 110 – 250 | | | | 20 |
| Surgery | 500 –800 | 400 –1.400 | 450-650 | 100 – 800 | 75- 250 |
| Inpatient care | 60 | 150 – 210 | 40 | 60 | |
| Housecall | 50 | 150 | | | |
| Consultation | 70 | 35 | | | |
| Blood test | 150 – 450 | | | | |
| Test Kit | 200- 250 | 150 - 225 | | | |

* Price in IDR thousands

Discussion

Almost all pets lovers that come to Depok animal health center is house wife, average budget for pets 670.000 IDR/month and dominated cat as pets. Even local government provide free service, they want to get improvement services and have willingness to pay services. However, simple charge should be applied with single price for basic services. Service price as levy recommended is 25 thousand IDR.

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