

# Completed acquisitions by Independent Vetcare Limited (IVC) of multiple independent veterinary businesses

## Decisions on relevant merger situation and substantial lessening of competition

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

### SUMMARY

#### The Parties and the Mergers

1. These decisions relate to the completed acquisitions by Independent Vetcare Limited (**IVC**) of eight independent veterinary businesses (the **Targets**):
  - (a) Penrose Veterinary Group Limited (**Penrose**), based in Colchester, Essex;
  - (b) Kevin Castle (Pet Care) Limited (**Pet Care**), based in Erith, Kent;
  - (c) Swayne & Partners Topco Limited (**Swayne**), based across Suffolk;
  - (d) Treforest Vets (Holdings) Limited (**Treforest**), based across South Wales;
  - (e) Mercer & Hughes Limited (**Mercer & Hughes**), based across Essex;
  - (f) Swaffham Veterinary Centre Limited (**Swaffham**), based in Norfolk;
  - (g) Anglesey Pet Clinic Ltd (**Anglesey**), based on the Isle of Anglesey, and
  - (h) Chiltern Equine Clinic (**Chiltern**) based in and around Berkshire.
2. IVC is a large multinational veterinary group, whose ultimate shareholders include a number of private equity funds and management investors including EQT Private Equity and Silver Lake, and Nestlé. Alongside other related veterinary businesses, IVC operates over 1,000 veterinary practices in the UK, providing services to small

animals, equine, and farm animals. It also provides out of hours (**OOH**) (eg emergency) veterinary services, including to practices not owned by IVC, to small animals through its **Vets Now** business.

3. Each of the Targets are independent veterinary practices located in areas across England and Wales. They provide first opinion veterinary services to small animals such as cats and dogs, except for Chiltern, which provides veterinary services to horses and ponies. Together, these transactions are referred to as the **Mergers**. IVC and each of the Targets are together referred to as the **Parties**.
4. Each of the Mergers completed between 16 September 2021 and 22 March 2022.

### **CMA jurisdiction**

5. The Competition and Markets Authority (**CMA**) has jurisdiction to review a merger where either (a) the target company generates more than £70 million of turnover in the UK (the turnover test); or (b) the merger results in the parties having a share of supply of goods or services of any description in the UK (or in a substantial part of the UK) of 25% or more, and the merger results in an increment to the share of supply (the share of supply test).
6. The Targets' revenues do not meet the turnover test but the CMA found that, in relation to each Merger, IVC and the relevant Target supply more than 25% of small animal veterinary services, equine veterinary services or small animal OOH services in the local areas where they overlap, and that an increment in the share of supply is brought about by the merger in each instance.
7. Shares of supply were calculated on the basis of full-time equivalent (**FTE**) vets or, in the case of OOH services and with respect to the Treforest Merger, by their combined 'share of shops' in the relevant local areas. The CMA believes that each Merger will result in an increment to the relevant share of supply and that, in relation to each Merger, the share of supply relates to a substantial part of the UK.
8. The CMA believes that the four-month statutory period for a Phase 1 decision in completed mergers (as extended) has not yet expired. While each of the Mergers completed between 16 September 2021 and 22 March 2022, the CMA does not believe that material facts about the Mergers were made public at this time. The four-month period therefore started when material facts were made available to the CMA (in response to questions sent to IVC by the CMA) on 24 August 2022.

## Counterfactual

9. The CMA assesses whether a merger could lead to a substantial lessening of competition (**SLC**) relative to the competitive situation without the merger (the **counterfactual**). As set out in the CMA's guidance, only events that would have happened in the absence of the merger(s) under review – and are not a consequence of it – can be incorporated into the counterfactual. For completed mergers, the CMA generally adopts the pre-merger conditions of competition as the counterfactual.
10. For most of the Mergers, the CMA considers that the counterfactual consists of the pre-merger conditions of competition. Approximately 10 months after the Penrose transaction completed, IVC closed one of the sites it acquired as part of the Penrose Merger (the **Stratford St Mary site**). In light of compelling evidence that the closure of this site was inevitable and unrelated to the Merger, the CMA considers that the counterfactual for that transaction should be based on a scenario in which the Stratford St Mary site would have closed irrespective of the Penrose Merger.

## Frame of reference

11. The CMA considered whether the Mergers would lead to a loss of competition between IVC and the Targets in each of the local areas where they are based. To do so, the CMA considered how their services overlap, which meant focussing its analysis on the most significant competitive alternatives available to the customers of the Parties.
12. The CMA considered the impact of the Mergers in relation to small animal veterinary services provided on a commercial basis during daytime hours, first opinion equine veterinary services, including veterinary services provided by ambulatory equine vets, and small animal OOH services provided on a business-to-consumer basis.

## Industry Background

13. The Mergers took place against a backdrop of increased demand for veterinary services, a shortage of vets and veterinary nurses in the UK and an increasing trend towards consolidation in the veterinary industry, with large numbers of independent practices like the Targets being bought by corporate groups like IVC.
14. These corporate groups, including IVC, typically use a significantly different business model to independent practices, in particular because other businesses that they own give them the ability to cross-sell products and services (such as referral treatment, OOH care and pet cremation). The evidence available to the

CMA also shows that corporate groups often seek to establish a significant presence within specific localities, which can allow them to benefit from economies of scale and networks of linked services (but can result in competition concerns where an acquisition would reduce the competitive constraints that the acquirer would face in a given area following a merger).

## **Competitive Assessment**

15. As competition between veterinary practices, including those operated by IVC and each of the Targets, generally takes place at the local level, the CMA conducted a local area analysis to identify specific areas in which the relevant Mergers give rise to a realistic prospect of a SLC.

### ***Small animal and equine veterinary services***

16. The CMA assessed the likelihood of IVC's acquisition of the Targets resulting in an SLC in the supply of small animal veterinary services or the supply of first opinion equine veterinary services.
17. The CMA based its analysis on average catchment areas for veterinary sites (reflecting where 80% of the relevant Parties' customers are located). The CMA considered that it may also be appropriate to consider a site's individual catchment area in instances where the average catchment area identifies no competitors.
18. The CMA calculated market shares in these catchment areas using the number of FTE vets working at the sites in each catchment area. While there is no single measure that can capture every aspect of competition in a market, the CMA believes that the number of FTE vets serving the customers of a site for small animal or equine veterinary services is reflective of the level of demand at that site and its competitive strength.
19. The CMA considered that competition concerns would arise in any local area where IVC and the relevant target overlap and have a combined share of supply of 30% or more. The threshold chosen for determining whether competition concerns arise is a case-by-case assessment taking into account all the facts and circumstances of a given case. In these cases, the CMA determined that a 30% share threshold is appropriate to identify areas in which there is a realistic prospect of an SLC arising. This reflects, in particular, the weak nature of the out-of-market constraints (from other types of practices operating in the local area) in these cases, as well as the absence of probative evidence (for example from a consumer survey or previous CMA analysis of the sector) that has been used to support higher thresholds in previous cases in other industries.

20. On this basis, the CMA believes that there is a realistic prospect of a SLC arising in 23 local areas around the Penrose, Pet Care, Swayne, Treforest, Mercer & Hughes, and Anglesey Mergers in relation to small animal veterinary services and four local areas around the Chiltern Merger in relation to equine veterinary services.

## **OOH**

21. The CMA assessed the likelihood of IVC's acquisition of Swayne and Swaffham resulting in an SLC in the supply of small animal OOH services. As this is the first time the CMA has assessed small animal OOH services, and in light of the limited data available, the CMA used a filter (based on a combined share of 30%) to remove from consideration any areas which do not raise competition concerns.
22. It was not possible for IVC to provide specific data on drivetime catchment areas in relation to the provision of OOH services. On a cautious basis the CMA based its analysis on two different drivetimes from the provider, in line with submissions and data from IVC. The CMA calculated market shares in each of these catchment areas using a share of shops (as reliable revenue and FTE data were not available and because small animal OOH services are typically staffed by a single vet).
23. Due to high combined shares of supply in at least one catchment area and evidence indicating that alternative suppliers are unlikely to exert a sufficient constraint on IVC and Swaffham/Swayne, the CMA found that there was a realistic prospect of a SLC in relation to four local areas.

## **Conclusion**

24. As set out above, the CMA believes that it is or may be the case that the Mergers have resulted, or may be expected to result, in an SLC as a result of horizontal unilateral effects in relation to the supply of standard small animal veterinary services, first opinion equine veterinary services and OOH veterinary services (as relevant) in various local areas in England and Wales.
25. The CMA is therefore considering whether to accept undertakings under section 73 of the Enterprise Act 2002 (the **Act**). IVC has until 24 February 2023 to offer undertakings to the CMA that might be accepted by the CMA. If no such undertakings are offered, then the CMA will refer the Mergers pursuant to section 22(1) of the Act.

# ASSESSMENT

## IVC

26. IVC is part of a large multinational veterinary group whose shareholders include EQT Private Equity, Berkshire Partners LLC, Silver Lake and Société Des Produits Nestlé SA. IVC has over 1,000 veterinary practices in the UK, which provide small animal, equine and farm animal veterinary services. IVC also provides small animal out of hours (**OOH**) services,<sup>1</sup> including to practices not owned by IVC, through its **Vets Now** business.
27. IVC is also active in various other related businesses, including the provision of domestic animal cremation services and clinical waste management services (under the brand names Cambridge Pet Crematorium and Novus Environmental), direct debit management and collection services,<sup>2</sup> external equine laboratory services (provided by IVC's Donnington Grove Laboratory Diagnostic Services), and an accredited veterinary medicine online retailer (Pet Drugs Online) which also sells other animal products.
28. IVC's turnover in the UK for the financial year ending in 2021 was approximately £885 million.<sup>3</sup>

## THE TARGETS AND THE TRANSACTIONS

29. IVC acquired the entire issued share capital of each of the Targets<sup>4</sup> by way of share purchase agreements. The transactions completed between 16 September 2021 and 22 March 2022.
30. Each of the Targets are veterinary practices. Except for one practice (Chiltern – as described further below), they provide first opinion veterinary services to small animals such as cats and dogs. Specifically:
  - (a) Penrose was acquired as a two-site practice located in Essex, with the main practice operating in Colchester. The transaction completed on 16 September 2021. As further explained in the counterfactual section below, the second site,

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<sup>1</sup> OOH services are veterinary services provided outside standard daytime hours, often in emergency situations.

<sup>2</sup> Through Easy Direct Debit, acquired by IVC in October 2020.

<sup>3</sup> IVC Internal Document, Annex 14.1 to the Enquiry Letter Response, 'Independent Vetcare Limited Annual Report and Financial Statements', 26 July 2022, page 21.

<sup>4</sup> Enquiry Letter Response, first tranche, paragraphs 4.1–4.2.

Stratford St Mary, closed approximately 10 months after the completion of this transaction.

- (b) Pet Care is a practice located in Erith, Kent. This transaction completed on 16 September 2021.
  - (c) Swayne is a four-branch practice in West Suffolk, with a hub site located in Bury St Edmunds. This transaction completed on 22 October 2021.
  - (d) Treforest has two branches in the Pontypridd and Rhondda Valley region of South Wales. This transaction completed on 23 November 2021.
  - (e) Mercer & Hughes is a four-branch practice based in Essex. Its main site is in Saffron Walden, with branches in each of Great Dunmow, Stansted and Bocking Braintree. This transaction completed on 22 March 2022.
  - (f) Swaffham is a single site practice in Norfolk. This transaction completed on 14 December 2021.
  - (g) Anglesey is a practice located in Kingsland on the Isle of Anglesey. This transaction completed on 12 October 2021.
31. Prior to their acquisition by IVC, both Swaffham and Swayne also provided OOH veterinary services. Swayne continues to provide these services, with Swaffham having ceased to provide these services directly as of December 2022.<sup>5</sup>
32. Chiltern provides equine veterinary services to horses and ponies. It has four branches (including an equine hospital) in Berkshire, Buckinghamshire, Bedfordshire and Oxfordshire. The acquisition of Chiltern completed on 11 November 2021. For this purpose, IVC entered into share purchase agreements to acquire (i) the entire issued share capital of Chiltern Veterinary Services Limited and (ii) 25% of the issued share capital of Chiltern Bury Farm Limited.<sup>6</sup>

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<sup>5</sup> This is discussed in more detail at paragraphs 89–90 below.

<sup>6</sup> In parallel, IVC also acquired eVetDrug Limited, a company that dispenses equine medicine online, from the same sellers (Enquiry Letter Response, paragraph 4.2). This acquisition is not within the scope of the CMA's investigation and therefore eVetDrug Limited will not be considered further in the remainder of these decisions.

## Rationale for the Mergers

33. IVC submitted that the acquisition of new practices is part of its growth strategy. In particular, the main factors IVC considered when it decided to acquire each of the Targets (and that it typically considers when acquiring new practices) included:
- (a) [REDACTED];
  - (b) [REDACTED];
  - (c) [REDACTED];
  - (d) [REDACTED];<sup>7</sup>
  - (e) [REDACTED], and
  - (f) [REDACTED].<sup>8</sup>
34. Evidence in IVC's internal documents seen by the CMA broadly supports IVC's submissions in relation to the rationale for the Mergers. The CMA notes that IVC's [REDACTED] consideration of 'local factors' [REDACTED] includes [REDACTED].<sup>9</sup>

## BACKGROUND

### Increased demand and shortage of vets

35. In recent merger control investigations involving the veterinary sector, the CMA noted that demand for veterinary services in the UK has grown strongly due to (i) the 'humanisation' of pets, (ii) the increase in pet insurance, which similarly impacts the demand for care, particularly complex care, and (iii) the increase in pet ownership in the UK since the Covid-19 pandemic.<sup>10</sup> In this case, IVC submitted that it agreed with these positions and noted that pet ownership in the UK continues to increase, albeit at a slower rate post-pandemic.<sup>11</sup>

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<sup>7</sup> [REDACTED] (IVC's response to the CMA's Request for Information, 21 October 2022 (**RFI1 Response**), paragraphs 2.4–2.19).

<sup>8</sup> RFI1 Response, paragraph 2.1.

<sup>9</sup> Examples of IVC's consideration of these factors can be found in [REDACTED] in relation to each of the Mergers (Annexes 22.1–23.1 to the Enquiry Letter Response). See also Annex 14.1 and Annex 24.1.3 to the Enquiry Letter Response.

<sup>10</sup> *VetPartners/Goddard* [ME/6967/21] [Full text decision \(publishing.service.gov.uk\)](#), 28 April 2022, paragraph 40 (**VetPartners/Goddard**); *CVS/The Vet* [ME/6967/21] [Full text decision \(publishing.service.gov.uk\)](#), 7 April 2022 (**CVS/The Vet**), paragraph 43.

<sup>11</sup> RFI1 Response, paragraph 1.2.



36. Previous CMA cases have also identified a shortage of vets in the UK, primarily resulting from Brexit and the COVID-19 pandemic.<sup>12</sup> IVC agreed that there is a shortage of vets and veterinary nurses in the UK, posing recruitment challenges nationally.<sup>13</sup> IVC submitted that this has been exacerbated by Brexit, with new UK-registered vets qualified in the EU falling from 53% to 23% according to data from the RCVS.<sup>14</sup>

### Consolidation by corporate groups

37. In recent merger control investigations involving the veterinary sector, the CMA noted a trend towards consolidation in the veterinary industry, with large numbers of independent practices being acquired by corporate veterinary groups.<sup>15</sup> IVC is the largest of the six such corporate groups, along with VetPartners, CVS, Pets at Home, Medivet, and Linnaeus (collectively referred to as **Corporate Groups**).
38. IVC agreed that the proportion of independent practices has fallen in recent years but submitted that the rate of consolidation has now slowed down.<sup>16</sup> In *VetPartners/Goddard* the CMA also noted that the implications of corporate consolidation were not always obvious to customers because some corporate owners decide not to rebrand independent veterinary sites after buying them.<sup>17</sup> In this regard, IVC stated that maintaining existing branding of sites is beneficial in preserving the identity, culture and ethos of the acquired practice.<sup>18</sup>

### Vertical Integration

39. The CMA has previously noted that there is evidence of increasing vertical integration in the veterinary sector.<sup>19</sup> IVC agreed that Corporate Groups often offer related services such as crematoria, OOH and laboratory services and referrals.<sup>20</sup>
40. The CMA notes that it has received concerns around the impact of vertical integration in the veterinary industry in general (ie not related to any change in vertical integration brought about by the Mergers), including around the lack of

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<sup>12</sup> [VetPartners/Goddard](#), paragraph 40; [CVS/The Vet](#), paragraphs 131–132.

<sup>13</sup> RFI1 Response, paragraph 1.3–1.6; [VetPartners/Goddard](#), paragraph 41.

<sup>14</sup> RFI1 Response, paragraph 1.5; RCVS Workforce Summit 2021, [Recruitment, retention and return in the veterinary profession - Professionals \(rcvs.org.uk\)](#)

<sup>15</sup> [VetPartners/Goddard](#), paragraphs 42–43; [CVS/The Vet](#), paragraph 131–132.

<sup>16</sup> RFI1 Response, paragraph 1.7.

<sup>17</sup> [VetPartners/Goddard](#), paragraph 43.

<sup>18</sup> RFI1 Response, paragraph 1.8.

<sup>19</sup> [VetPartners/Goddard](#), paragraphs 45–46.

<sup>20</sup> RFI1 Response, paragraph 1.9.

visibility of ownership and reduced choice for services such as OOH care and referrals.

## Hub-and-spoke business models

41. Some veterinary businesses operate 'hub-and-spoke' models in which a larger practice<sup>21</sup> (eg a hospital) (the '**hub**') is linked with smaller surrounding practices ('**spokes**'). This arrangement allows branch practices to leverage the strength of the hub in order to offer clients services that otherwise would not be available at that practice, such as specialist diagnostics referrals, access to more expensive equipment or 24-hour care. Staff may split their work between the hub and one or more of the branch practices.<sup>22</sup>
42. [REDACTED].<sup>23</sup> The following Targets had hub-and-spoke arrangements before their acquisition (which IVC has maintained post-acquisition):
  - (a) Chiltern;
  - (b) Swayne;
  - (c) Mercer & Hughes;
  - (d) Treforest, and
  - (e) Penrose.<sup>24</sup>
43. IVC submitted that the hub sites of the Targets have more expensive equipment, longer operating hours and are able to provide enhanced patient care, enabling the referral of complex cases. [REDACTED].<sup>25</sup>

## PROCEDURE

44. The CMA's mergers intelligence function identified these transactions as warranting an investigation.<sup>26</sup>

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<sup>21</sup> In these decisions, 'practice' and 'site' are used interchangeably and refer to any premises active in the supply of veterinary services.

<sup>22</sup> [VetPartners/Goddard](#), paragraph 48.

<sup>23</sup> RF11 Response, paragraph 1.21.

<sup>24</sup> Prior to the closure of the spoke practice.

<sup>25</sup> RF11 Response, paragraph 1.22–1.24.

<sup>26</sup> See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2revised\)](#), December 2020, paragraphs 6.4-6.6.

45. The Mergers were considered at a Case Review Meeting.<sup>27</sup>

## JURISDICTION

46. The CMA has jurisdiction over transactions where it believes that it is or may be the case that a relevant merger situation has been created. Under the Act, a relevant merger situation has been created when:<sup>28</sup>
- (a) two or more enterprises ceased to be distinct (or arrangements are in progress or in contemplation which, if carried into effect, will lead to two or more enterprises ceasing to be distinct);
  - (b) either:
    - (i) the UK turnover associated with the enterprise which is being acquired exceeds £70 million (the **turnover test**); or
    - (ii) the enterprises which cease to be distinct supply or acquire goods or services of any description and, after the merger, together supply or acquire at least 25% of all those particular goods or services of that kind supplied in the UK or in a substantial part of it. The merger must also result in an increment to the share of supply or acquisition (this is referred to as '**the share of supply test**'); and
  - (c) in completed mergers, the date of the merger must be no more than four months before the day the reference is made, unless the merger took place without having been made public and without the CMA being informed of it (in which case the four-month period starts from the earlier of the time the merger was made public or the time the CMA was told about it).
47. The CMA's assessment of whether, in relation to each of the Mergers, it is or may be the case that a relevant merger situation has been created is set out below.

### Enterprises ceasing to be distinct

48. IVC and each of the Targets are enterprises under section 129 of Enterprise Act 2002 ('**the Act**'). As a result of each of the Mergers, the enterprises (ie IVC and the

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<sup>27</sup> See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2revised\)](#), December 2020, from page 46.

<sup>28</sup> See [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2revised\)](#), December 2020, paragraph 4.3.

relevant Target) have ceased to be distinct for the purposes of section 23(2)(a) and 26 of the Act.

## Share of supply test

### *Legal framework*

49. As set out above, the share of supply test should be satisfied in relation to the UK or a substantial part of it.
50. In deciding whether the relevant geographic area for the share of supply test is a 'substantial part' of the UK, the CMA takes into account whether the parts of the UK affected by the merger are collectively of such a size, character and importance as to make them worth consideration for the purposes of the Act.<sup>29</sup> In making this assessment, the CMA considers such factors as the size, population, social, political, economic, financial and geographic significance of the specified area or areas, and whether it is (or they are) special or significant in some way.<sup>30</sup>

### *CMA assessment*

51. With respect to the Mergers being investigated, the CMA believes that in each case the share of supply test is satisfied. For the purposes of this assessment, the CMA considered that a Merger qualifies as meeting the share of supply test if IVC and the relevant Target either have a joint share of supply above 25% (plus an increment) in a local area which is a substantial part of the UK, or if that share of supply (plus an increment) is achieved in a number of aggregated local areas, which are part of the same Merger, and which taken together form a substantial part of the UK.<sup>31</sup>
52. More specifically, the CMA found that, in relation to each Merger, IVC and the relevant Target supply more than 25% of standard small animal veterinary services, first opinion equine veterinary services or small animal OOH services, as relevant, in respective local areas of overlap, with an increment resulting from the merger.
53. Furthermore, taking into account the local nature of the markets concerned by the Mergers,<sup>32</sup> and the fact that the CMA has found that, for each Merger, the respective local areas concerned all have a population above 100,000, the CMA has concluded that they all constitute substantial parts of the UK for the purposes of the Act.

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<sup>29</sup>*R v MMC, ex parte South Yorkshire Transport Ltd* [1993] 1 WLR 23 at 32B. See also [Mergers: Guidance on the CMA's jurisdiction and procedure, January 2022 \(CMA2\)](#), paragraphs 4.61–4.63.

<sup>30</sup> [CMA2](#), paragraph 4.62.

<sup>31</sup> [CMA2](#), paragraph 4.63.

<sup>32</sup> See [Henderson Retail/Martin Mccoll](#) [ME/6725/17], decision of 16 February 2018, paragraph 26.

54. With the exception of Anglesey, Treforest and Swaffham, the CMA has calculated the shares of supply using the number of FTE vets at the veterinary sites within the Target sites' 80th percentile catchment drivetime (also referred to as the **relevant local areas**).<sup>33</sup>
55. With respect to IVC's acquisition of Anglesey, the CMA has calculated the share of supply based on the number of FTE vets in relation to the relevant local area centred on Aran Veterinary clinic, an IVC site which overlaps with the Anglesey site.
56. With respect to IVC's acquisition of Treforest, the CMA has calculated the share of supply on the basis of share of shops in relation to the provision of standard first opinion small animal services within the Target sites' 80th percentile catchment drivetime.
57. With respect to IVC's acquisition of Swaffham, the CMA has calculated the share of supply in relation to the supply of small animal OOH veterinary services. In line with the CMA's approach to the competitive assessment, the CMA has considered a drivetime of 33 minutes to define the relevant local area where Swaffham and IVC overlap and calculated IVC and Swaffham's share of supply on the basis of their share of shops.<sup>34</sup>
58. More details on the CMA's share of supply assessment in relation to each of the Mergers are set out below.

### *Penrose*

59. The CMA estimated that IVC and Penrose supply more than 25% of standard small animal veterinary services in the relevant local area of overlap (with an increment of [10-20]% brought about by the Merger).<sup>35</sup> Furthermore, the CMA considers that the local area in which this share of supply is achieved constitutes a substantial part of

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<sup>33</sup> As per Annex 1.1 to IVC's response to the CMA's section 109 Notice, 15 November 2022 (**s109(3) Response**). As explained in the competitive assessment below, the CMA's shares of supply estimates are based on the number of small animal or equine animal FTE vets at a site and are adjusted to take into account FTE vets who work at a hub but spend part of their time to staff branch sites.

<sup>34</sup> With respect to this Merger, the CMA has also considered whether the share of supply test is met in relation to the provision of standard first opinion small animal services in the relevant local area centred on London Road Veterinary Centre, an IVC site which overlaps with Swaffham.

<sup>35</sup> The closed Penrose site 'Peeler's End, Colchester, Essex CO76LW' (also referred to as Stratford St Mary) has not been considered as part of the catchment area for Penrose.

the UK given that the information available to the CMA indicates that the population in the relevant local area exceeds 100,000.<sup>36</sup>

### *Pet Care*

60. The CMA estimated that IVC and Pet Care supply more than 25% of first-opinion small animal veterinary services in the relevant local area of overlap (with an increment of [5-10]% brought about by the Merger). The CMA also considers that the local area in which this share of supply is achieved constitutes a substantial part of the UK given that the information available to the CMA indicates that the population in the relevant local area exceeds 100,000.

### *Swayne*

61. The CMA estimated that IVC and Swayne supply more than 25% of first-opinion small animal veterinary services in the relevant local areas centred on the Haverhill, Sudbury and Bury St Edmunds sites (with an increment brought about by the Merger of [10-20]%, [10-20]% and [10-20]%, respectively). Furthermore, the CMA considers that IVC and Swayne supply more than 25% of standard small animal veterinary services in the local area resulting from the aggregation of the Swayne sites' individual local areas.
62. The CMA considers that the Swayne sites' local areas constitute, whether individually or collectively, a substantial part of the UK given that information available to the CMA indicates that that the population in the three local areas listed in the paragraph above exceeds 100,000 in each case.

### *Mercer & Hughes*

63. The CMA estimated that IVC and Mercer & Hughes supply more than 25% of first-opinion small animal veterinary services in three relevant local areas of overlap (ie those around the Great Dunmow, Saffron Walden,<sup>37</sup> and Bocking Braintree sites) with an increment brought about by the Merger of [5-10]%, [10-20]% and [5-10]%, respectively). Furthermore, the CMA considers that IVC and Mercer & Hughes

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<sup>36</sup> The CMA estimated the populations in the relevant local areas for each Merger by matching population datasets (based on either 2011 census data or mid-2020 population estimates of the Office of National Statistics). The CMA verified whether its population estimates were in line with current population data by comparing its estimates for distinct geographical locations (such as the Isle of Anglesey) with more up to date estimates of those same areas.

<sup>37</sup> The CMA's calculation of shares of supply for Mercer & Hughes at the Target level, and for the site Mercer & Hughes Saffron Waldon, include the Swayne site 'Swayne & Partners Limited (84 Hamlet Road, Haverhill, Suffolk CB98QQ)'. The exclusion of this site would not bring the Parties share of supply below 25% (nor remove the increment arising from the Merger) at the Target or site level.

supply more than 25% of standard small animal veterinary services (with an increment brought about by the Merger) in the local area resulting from the aggregation of the relevant sites' individual local areas.

64. The CMA considers that each of the relevant local areas constitute, whether individually or collectively, substantial parts of the UK given that information available to the CMA indicates that the population in the three relevant local areas listed in the paragraph immediately above exceeds 100,000 in each case.

#### *Chiltern*

65. The CMA estimated that IVC and Chiltern supply more than 25% of first opinion equine veterinary services in three out of four of the relevant local areas of overlap (namely, Blueberry Farm, Model Farm, and Widmer Farm), with an increment brought about by the Merger of [5-10]%, [5-10]% and [10-20]%, respectively. Furthermore, the CMA considers that IVC and Chiltern supply more than 25% of first opinion equine veterinary services (with an increment brought about by the Merger) in the local area resulting from the aggregation of the relevant sites' individual local areas.
66. The CMA considers the Transaction sites' local areas to constitute, whether individually or collectively, substantial parts of the UK given that information available to the CMA indicates that the population in all four local areas of overlap exceeds 100,000 in each case.

#### *Anglesey*

67. The CMA estimated that IVC and Anglesey supply more than 25% of standard small animal veterinary services in the relevant local area of overlap (with an increment brought about by the Merger of [0-5]%) around IVC's Aran Vet Clinic. The CMA considers the relevant local area constitutes a substantial part of the UK given that information available to the CMA indicates that the population in the relevant local area exceeds 100,000.

#### *Treforest*

68. The CMA estimated that IVC and Treforest supply more than 25% of standard small animal veterinary services (measured by share of shops) in the local area resulting from the aggregation<sup>38</sup> of the Treforest sites' individual local areas in Rhondda Cynon Taff and Pontypridd (with an increment brought about by the Merger of [10-

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<sup>38</sup> See paragraph 51 above.

20]%). The CMA considers that this aggregated local area constitutes a substantial part of the UK given that information available to the CMA indicates that its population exceeds 100,000.

### *Swaffham*

69. The CMA estimated that IVC and Swaffham supply more than 25% of small animal OOH services in the relevant local area defined with reference to a 33-minute drivetime (with an increment brought about by the Merger of [5-10]%). As noted above, the CMA has calculated IVC's and Swaffham's share of supply of small animal OOH veterinary services on the basis of share of shops. The CMA considers that the local area surrounding the Swaffham's site (with reference to a 33-minute drivetime) constitutes a substantial part of the UK given that information available to the CMA indicates that that the population in the relevant local area exceeds 100,000.
70. IVC submitted that it would not be appropriate to use any OOH catchment given that, according to IVC, Swaffham does not compete for OOH customers. For the reasons set out in the competitive assessment section below, the CMA found that there is meaningful competitive interaction between IVC and Swaffham in the provision of OOH services. Calculating IVC's and Swaffham's joint share of supply in relation to a local area defined by reference to Swaffham's OOH catchment area (ie a 33 minute drivetime) is therefore consistent with the CMA's competitive assessment.
71. Additionally, the CMA estimated that IVC and Swaffham supply more than 25% of standard small animal veterinary services in the relevant local area of overlap (with an increment brought about by the Merger of [10-20]%) around IVC's London Road Veterinary Centre. Furthermore, the CMA considers that the relevant local area of overlap centred on IVC's London Road Veterinary Centre constitutes a substantial part of the UK given that information available to the CMA indicates that the population in the relevant local area exceeds 100,000.

### **Statutory period for reference**

#### ***Legal framework***

72. As set out above, under section 24 of the Act, a completed merger must have taken place not more than four months before the CMA takes its decision on the duty to refer, unless the merger took place without notice of material facts being given to the CMA or material facts being made public. In these cases, the four-month period



starts from the earlier of the time that material facts are made public or the time the CMA is told of material facts.

73. The CMA interprets ‘material facts’ as being the necessary facts that are relevant to the determination of the CMA’s jurisdiction in terms of the four-month time period. In practice, this means information on the identity of the merger parties and whether the transaction remains anticipated (including the status of any conditions precedent to completion) or has completed.<sup>39</sup>
74. Section 24(3) of the Act provides that material facts are ‘made public’ when they are ‘so publicised as to be generally known or readily ascertainable’. The CMA interprets this as meaning that such information could readily be ascertained by the CMA acting reasonably and diligently in accordance with its statutory functions.<sup>40</sup>

### ***IVC’s submissions***

75. IVC submitted that material facts about each of the Mergers were made public for the purposes of the Act ‘at the time of (or shortly after) completion’. Accordingly, IVC submitted that the four-month period for making a reference has expired for each of the Mergers.<sup>41</sup>
76. More specifically, IVC submitted that:
- (a) To satisfy the requirement under section 24(2) of the Act, it should be sufficient for material facts to have been made public either (i) through a relevant national or trade press in the UK or (ii) by being displayed on a party’s website. IVC supported this submission by citing the Competition Appeal Tribunal’s (CAT) statement in *Lebedev Holdings Limited*<sup>42</sup> that it was common ground between the parties to the proceedings in that case that ‘sufficient publication in a national newspaper can satisfy the statutory definition of “made public”’. According to IVC, this principle equally applies to publication of material facts in trade press.<sup>43</sup>
  - (b) IVC published material facts on each of the Mergers (including the identity of each Target and the relevant date of completion) on its UK website

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<sup>39</sup> [CMA2](#), paragraph 4.49(a).

<sup>40</sup> [CMA2](#), paragraph 4.49(b). See also paragraph 107 of the [Explanatory Notes to the Act](#), which refers to the intention that the OFT (one of the predecessor organisations to the CMA) ‘would reasonably be expected to have known or found out about the merger if it has not been notified about it’.

<sup>41</sup> IVC’s Submission on Application of the Four Month Rule, 21 November 2022 (**21 November Submission**), paragraph 1.1; IVC’s response to the Issues Letter, slide 11.

<sup>42</sup> *Lebedev*, paragraph 53.

<sup>43</sup> 21 November Submission, paragraphs 2.3–2.7; IVC’s response to the Issues Letter, slide 4.

(ivcevidensia.co.uk). IVC explained that, shortly after each acquisition, details of each Merger were first published on the 'Sell Your Practice' page. IVC submitted that it is readily evident that this page contains information about acquisitions.<sup>44</sup> Subsequently, after a period of typically one to three months, information about each of the Mergers was transferred to the 'Our Recent Acquisitions' page, where it remained available for 'a further period of approximately six months'. According to IVC, information about the Mergers was sufficiently prominent (for the purposes of paragraph 4.49(b) of [CMA2](#)) 'given how easily it could be found through an internet search'. In particular, IVC noted that, for example, a 'very simple' Google search for 'IVC vet acquisitions' displays IVC's 'Our Recent Acquisitions' page as the first result.<sup>45</sup>

- (c) IVC also published material facts in relation to each of the Mergers under the 'Veterinary Industry News' section of VetClick.com. In IVC's view, the site is 'a key source of information in the veterinary sector, providing news of transactions and updates on developments'. According to IVC, VetClick.com was the most appropriate trade press through which information about the Mergers could be efficiently communicated to a wide audience and represents a source that the CMA, acting diligently, could reasonably be expected to monitor.<sup>46</sup> In this regard, IVC further submitted that:
- (i) To the best of IVC's knowledge, VetClick.com is the only trade press publication that allows news to be self-published. It therefore allowed IVC to be certain of the publication of the facts relating to the Mergers. IVC highlighted that this is particularly relevant for the announcement of acquisitions of local veterinary practices, which are unlikely to be considered significant industry news by editors.<sup>47</sup>
  - (ii) After having considered multiple trade press options (including Vet Times and Vet Surgeon), VetClick.com was considered to be the most appropriate trade press in terms of subject matter.<sup>48</sup> Additionally, VetClick.com does not have a paywall or a requirement to log in, and its

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<sup>44</sup> IVC's response to the Issues Letter, slide 10.

<sup>45</sup> 21 November Submission, paragraphs 3.9–3.11. See also IVC's response to the Issues Letter, slide 10. IVC also submitted that it understands that the prominence of these results is generated by 'viewers searching for, and clicking through to, IVC's acquisition page'. In any case, in IVC's view, the relevant evidence is that these are the results and that the links take the viewer directly to IVC's acquisitions page and 'how the results came to be top results does not seem to be relevant to the assessment'.

<sup>46</sup> 21 November Submission, paragraphs 3.1–3.8.

<sup>47</sup> 21 November Submission, paragraph 3.4(A). See also IVC's response to the CMA's questions on the application of the 4-month rule, 15 December 2022, paragraph 1.1(i–ii).

<sup>48</sup> 21 November Submission, paragraph 3.4(B).

news sections received 154,573 page views in the last 12 months.<sup>49</sup> IVC also noted that VetClick.com is used by other Corporate Groups and industry bodies to publish news and updates.<sup>50</sup>

- (d) IVC also submitted that it ‘prominently displayed’ material facts about each Merger on each Target’s website for at least a period of one month. IVC also submitted that each Merger was publicised in local or regional newspapers and at the Targets’ practices (by way of a written notice displayed in the relevant practices).<sup>51</sup>

### **CMA assessment**

77. The CMA considers that the announcements set out in paragraphs 76(b)–(d) above were not, considered in the round, sufficient for material facts about the Mergers to have been made public (that is, ‘so publicised as to be generally known or readily ascertainable’). For the reasons set out below, the CMA considers that it became aware of material facts concerning the mergers on 24 August 2022, the date on which, in response to an information request from the CMA’s mergers intelligence function (under section 5 of the Act), IVC provided details of the acquisitions it had undertaken in the previous 12 months within the UK.
78. First, the CMA considers that none of the announcements made by IVC set out ‘material facts’ about the Mergers.
79. As noted above, the CMA’s guidance clearly sets out that the CMA interprets ‘material facts’ as being the necessary facts that are relevant to the determination of the CMA’s jurisdiction in terms of the four-month time period. In these cases, the wording used to publicise information about IVC’s acquisitions (per the screenshots included in Annex 15 to the Enquiry Letter Response) was, however, limited to references to practices ‘joining IVC Evidensia’ and/or ‘joining the IVC family’.<sup>52</sup>
80. While IVC stated that it was ‘obvious’ that these references were to ‘acquisitions’ of the relevant practices, the CMA believes that this vague and non-specific language cannot be considered to indicate that two enterprises have ceased to be distinct for the purposes of the Act (in particular because such wording could conceivably have

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<sup>49</sup> IVC’s response to the CMA’s questions on the application of the 4-month rule, 15 December 2022, paragraph 2.2(i). In its response to the Issues Letter, IVC stated that, whilst it was unable to verify whether this figure relates solely to UK clicks, it expected the significant majority of viewers to be UK-based (slide 6).

<sup>50</sup> 21 November Submission, paragraph 3.5.

<sup>51</sup> 21 September Submission, paragraphs 3.10–3.11.

<sup>52</sup> Screenshots included in Annex 15 to the Enquiry Letter Response.

referred to a variety of other arrangements between IVC and the practices in question).

81. Second, in any event, the CMA considers that the announcements set out in paragraphs 76(b) – (d) above were not sufficient to make material facts about the Mergers so publicised as to be generally known or readily ascertainable by the CMA acting reasonably and diligently in accordance with its statutory functions.
82. In this regard, the CMA notes:
- (a) The question of whether publication of material facts in a national newspaper is sufficient to make a transaction public is not relevant in these cases as it is clear and undisputed that no information about these transactions was ever published in any national press. The CMA notes that, in *Lebedev*, it was common ground between the Applicants and the Secretary of State for Digital, Culture, Media and Sport (and therefore not the CMA) that publication of material facts in a national newspaper was capable of satisfying the statutory definition of ‘made public’, and that the CAT did not have to reach a decision on that point.<sup>53</sup>
  - (b) The CMA’s published guidance ([CMA2](#)) clearly sets out that, in practical terms, the CMA would consider that an acquiring party would normally be said to have ‘made public’ material facts about a merger where those facts had been publicised in the national or relevant trade press in the UK and where the acquiring party had itself taken steps to publicise the transaction at large, normally by publishing and prominently displaying on its own website a press release about the transaction (emphasis added).<sup>54</sup>
  - (c) The available evidence relating to the nature, profile and reach of VetClick.com does not support the position that it should be considered as trade press for these purposes (ie as relevant trade press which the CMA, acting reasonably and diligently, should be expected to access when monitoring developments in the veterinary industry). More specifically:
    - (i) VetClick.com presents itself as mainly providing recruitment services for the veterinary profession, with the inclusion of some news content being peripheral to the main focus of the site. For example, the vast majority of the homepage for VetClick.com (which describes VetClick as ‘provid[ing]

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<sup>53</sup> In particular, the CAT found that sufficient facts were not made public in the Financial Times article. It used a later date when information was provided to the CMA in deciding that the time limit to make a reference had expired. See paragraphs 68–70 of the judgment.

<sup>54</sup> [CMA2](#), paragraph 4.49(b).

simple and affordable recruitment services for busy veterinary professionals’) relates to recruitment services, with prominent links that allow users to post vacancies, upload CVs or set up a ‘jobs email’. Every subpage of the website prominently displays updates on the number or ‘veterinary jobs online’ and the number of people ‘actively seeking jobs’. The CMA also notes that VetClick.com’s Twitter biography describes it as ‘[a] great resource for jobs in veterinary or working with animals and pets’.

- (ii) VetClick.com is not subject to editorial direction and its news section contains a large quantity and variety of self-published items (many of which appear to be of peripheral significance). This means that any individual piece of news is displayed on the ‘Veterinary Industry News’ main page only for a very short period of time. The CMA would therefore most likely have had to use a specific search function to identify information about IVC’s acquisitions.<sup>55</sup>
- (iii) The evidence available in relation to the site traffic on the news section of VetClick.com does not suggest that it is a particularly widely-used source of industry news. While there is some evidence of other Corporate Groups using VetClick.com to disseminate news of acquisitions, the data provided by IVC (ie that the news section of VetClick.com received 154,573 page views in the last 12 months – which accounts for a daily average of just over 400 page views) ultimately suggests that the site has relatively limited reach (eg when this number of page views is benchmarked against that of other publications). The CMA also notes that this figure comprises all page views and therefore may overstate the number of page views within the UK.
- (d) The available evidence also shows that IVC did not publish press releases or prominently display information about the Mergers on its website. In keeping with section 24(3) of the Act (which, in particular, requires published facts to be ‘readily ascertainable’), the CMA does not consider that it is expected to monitor all sub-pages within a business’s websites for evidence of transactions in order to fulfil its statutory duties.<sup>56</sup> The CMA considers that the publications

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<sup>55</sup> In this regard, the CMA also notes that the relevant entries about those acquisitions simply referred to practices ‘joining the IVC family’ making it impossible for the CMA to find those entries, even by constructing searches using words such as ‘acquisition’ or ‘purchase’.

<sup>56</sup> See [Bottomline/Experian](#), Final Report, paragraph 5.26(c) and footnote 211.

described at paragraph 76(b) above did not prominently display information about the Mergers for the following reasons:

- (i) It is clear and undisputed that IVC did not publish press releases about any of these transactions.
  - (ii) Information about the Mergers was not displayed on the homepage of IVC's website or the site's news section. Rather, it was first displayed on the 'Sell Your Practice' page, the primary purpose of which is to provide information to vets who want to sell their practice (rather than providing updates on recent acquisitions made by IVC).<sup>57</sup>
  - (iii) While information about the Mergers was subsequently moved to the 'Our Recent Acquisitions' page for a further limited period of time, this page cannot be accessed directly from the homepage of IVC's UK website but rather only through the 'Sell Your Practice' page. There are therefore no prominent links to this page on the IVC website.<sup>58</sup>
- (e) In general, the CMA notes that section 24(3) of the Act does not suggest that it should be able to identify information that is not displayed prominently in a trade publication or company website so that it can only be accessed through an individually-crafted search using a search engine. In practice this would require the CMA, in carrying out its function of monitoring non-notified merger activity to conduct individually-crafted searches for every possible company that may make acquisitions across all sectors of the UK economy.
- (f) With regard to the actions described at paragraph 76(d) above, the CMA considers, consistent with its public guidance, that:
- (i) Publication on individual target websites is not sufficient in this case, in the absence of additional steps to publicise a transaction at large, to make that transaction public for the purposes of the Act. The CMA could not reasonably be expected to regularly monitor websites of individual target practices which are active only at a local level.

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<sup>57</sup> In this regard, the CMA also notes the fact that information about each of the Transactions was only available for a limited time ('one to three months') meaning that the CMA would need to monitor this page of IVC's website for indeterminate intervals to find out about any acquisitions made by IVC, which cannot reasonably be expected from the CMA. The CMA notes that neither the 'Sell Your Practice' page nor the 'Our Recent Acquisitions' pages contain news of any recent acquisitions as of 14 February 2023.

<sup>58</sup> IVC said that it is not aware of any relevant backlinks to the 'Our Recent Acquisitions' page in the period in which the Transactions were advertised on that page (IVC's response to the CMA's questions on the application of the 4-month rule, 15 December 2022, paragraph 4.3).

- (ii) Publication in local/regional newspapers, given the limited nature of their circulation/reach, was in each case<sup>59</sup> insufficient for the relevant merger to have been 'so publicised as to be generally known or readily ascertainable'.<sup>60</sup>
- (iii) Advertising the Mergers at the relevant Targets' practices, for example by way of a written notice in the practice window,<sup>61</sup> is insufficient for material facts to be regarded as having been made public for the purposes of the Act. The CMA acting reasonably and diligently in accordance with its statutory functions could not be expected to monitor the window displays of individual practices.

83. On the basis of the considerations outlined above, the CMA believes that the four-month period for each Merger to comprise a relevant merger situation under section 24 of the Act started on 24 August 2022, the date on which the CMA received material facts on each of the Mergers. On this basis, the four-month deadline under section 24 of the Act (as extended) is 23 February 2023.

84. The CMA notes that it was entirely within IVC's control to start the four-month period within which the CMA is able to make a reference to a Phase 2 investigation. In particular, in addition to the various avenues open to IVC to publicise the transactions (in light of the extensive guidance provided by the CMA on when material facts will be considered to be 'made public'), it was also open to it to simply inform the CMA about the transactions directly. IVC had previously been in contact with the CMA's Mergers Intelligence team [redacted], and therefore can be presumed to be aware of the process by which acquisitions can (without being formally notified for a merger control review) be brought to the attention of the CMA. While IVC is under no legal obligation to inform or notify the CMA of its acquisitions, it bore the risk that the start of the four-month period would be delayed until the time at which the transaction is subsequently made public or notified to the CMA.

## **Conclusion on jurisdiction**

85. The CMA therefore believes that it is or may be the case that, in relation to each of the Mergers, a relevant merger situation has been created.

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<sup>59</sup> As set out in Annex 15 to the Enquiry Letter Response.

<sup>60</sup> See for example [Genus/Local Breeders](#), paragraph 9.

<sup>61</sup> IVC's submission of the application of the 4-month rule, 21 September 2022, paragraph 3.11(B).

86. The initial period for consideration of each of the Mergers under section 34ZA(3) of the Act started on 21 December 2023 and the statutory 40 working day deadline for the decisions is therefore 17 February 2023.

## COUNTERFACTUAL

87. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For completed mergers the CMA generally adopts the pre-merger conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.<sup>62</sup>
88. With respect to IVC's acquisitions of Pet Care, Swayne, Mercer & Hughes, Anglesey, and Chiltern, IVC submitted that the most appropriate counterfactual is 'the status quo existing prior to the relevant Transactions'. In the absence of any evidence supporting a more or less competitive counterfactual, the CMA considers that the relevant counterfactual is the pre-merger conditions of competition for each of these transactions.

### Swaffham

89. During the CMA's Phase 1 investigation, IVC submitted that due to vet shortages, Swaffham was unable to continue to offer small animal OOH services. IVC obtained a derogation from the Initial Enforcement Order imposed on IVC and Swaffham on 17 November 2022 allowing Swaffham to outsource small animal OOH services to Mill House Vets, a nearby IVC site. Swaffham had provided these services pre-merger and continued to after IVC's acquisition of the site on 14 December 2021 up until the date of the CMA's derogation.
90. IVC submitted that Swaffham would have outsourced its OOH service regardless of the merger given that the staff shortages [redacted] are independent of the merger. IVC added that Swaffham had been considering outsourcing its OOH requirements to Mill House prior to IVC's acquisition of Swaffham.<sup>63</sup>

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<sup>62</sup> See [Merger Assessment Guidelines \(CMA129\)](#), March 2021, from paragraph 3.12.

<sup>63</sup> IVC's response to the Issues Letter, slide 48.



91. IVC was not able to provide any contemporaneous evidence of discussions around outsourcing which took place prior to the acquisition by IVC, and instead only provided an email from Swaffham's [redacted] drafted for the CMA stating that 'prior to joining IVC [redacted] about outsourcing OOH [redacted].<sup>64</sup> The CMA notes that this email also stated that between May 2022 and the granting of the CMA's derogation in November 2022, Swaffham [redacted] (as opposed to completely outsourcing the OOH service) [redacted].<sup>65</sup> As discussed in the competitive assessment below, the CMA considers that offering OOH services might form an important part of a practice's overall competitive offering to customers. Absent the merger, the CMA considers that Swaffham would have had an incentive to continue providing OOH services, and these incentives may differ from its incentives under ownership by IVC.
92. Given the very limited evidence provided by IVC to the contrary, the CMA believes that, absent the Merger, it is realistic that Swaffham would have continued to offer small animal OOH services itself (including co-operating with local practices [redacted] where required). Therefore, the CMA considers that the prevailing conditions of competition should include Swaffham continuing to offer small animal OOH services.

## Penrose

93. IVC submitted that the appropriate counterfactual against which to assess the **Penrose Merger** includes the closure of the Penrose Stratford St Mary site. In particular, IVC submitted that:
- (a) Within the Penrose Group, Stratford St Mary was a small site operating as a spoke of the main Colchester site, with staff from the hub on a rota to provide services at the Stratford St Mary site (so that there were no staff permanently based at the Stratford St Mary site). At the time of the Penrose Merger, the Stratford St Mary site generated less than [redacted]% of the revenues generated by the main Colchester site.<sup>66</sup>
  - (b) The Stratford St Mary site continued to trade normally until March 2022, at which point Penrose faced significant staffing shortages. These staffing shortages resulted in IVC deciding to close the Stratford St Mary site in June 2022 (with the site ultimately closing on 19 July 2022).<sup>67</sup>

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<sup>64</sup> Email from Swaffham's Clinical Director (Jon Mills) to the CMA dated 9 December 2022.

<sup>65</sup> Email from Swaffham's [redacted] to the CMA dated 9 December 2022.

<sup>66</sup> IVC's submission on closed sites and response to the CMA's request for information on closed sites, 12 December 2022 (the **Closed Sites Submission**), paragraph 3.1.

<sup>67</sup> Closed Sites Submission, paragraph 1.2.

- (c) The staffing issues that led to the closure of the site were due to external factors entirely unrelated to, and would have led to its closure regardless of, the Penrose Merger.<sup>68</sup>

94. The CMA believes that IVC provided compelling evidence that the closure of Stratford St Mary was inevitable and unrelated to the Penrose Merger. In particular, the CMA notes that:

- (a) IVC provided evidence that, following the completion of the Penrose transaction and until March 2022, efforts were made to continue operating the Stratford St Mary site. For example, in January 2022 IVC made an internal decision to [REDACTED]
- (b) Evidence provided by IVC in this regard shows that IVC made ‘sustained efforts’ to retain all members of staff at the Penrose sites.<sup>69</sup> IVC provided submissions and evidence supporting these efforts, which included [REDACTED] incentives [REDACTED].<sup>70</sup>
- (c) Evidence submitted by IVC clearly indicates that the closure of Stratford St Mary was due to the staff shortages [REDACTED] which were unrelated to the Penrose Merger. [REDACTED]. [REDACTED] other vets ([REDACTED]) left the Penrose Group in the period between [REDACTED] for reasons unrelated to the Penrose transaction: [REDACTED].<sup>71</sup>
- (d) IVC took active steps to retain and/or replace the relevant vets through recruiting, without being able to solve these staffing issues. In particular, IVC submitted that the Colchester area [REDACTED].<sup>72</sup> IVC provided robust evidence to support its submissions that it made continued efforts to recruit, including through enhancing the compensation package on offer for this role<sup>73</sup>, before taking the ultimate decision to close the site approximately ten months after completion of the Penrose Merger.

95. Accordingly, the CMA considers that the pre-merger conditions of competition in relation to the Penrose Merger involve a situation where the Penrose Stratford St Mary site would have closed regardless of the Penrose Merger.

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<sup>68</sup> Closed Sites Submission.

<sup>69</sup> Closed Sites Submission, paragraph 4.2.

<sup>70</sup> Closed Sites Submission, paragraph 4.2(i).

<sup>71</sup> Closed Sites Submission, section 5. See also IVC’s response to the CMA’s Request for Information, 24 October 2022 (**RFI2 Response**).

<sup>72</sup> Closed Sites Submission, paragraph 6.2.

<sup>73</sup> IVC’s response to the CMA’s follow-up questions on closed sites dated 11 January 2023, paragraphs 3.4–3.5.

## Treforest

96. With regard to IVC's acquisition of Treforest (the **Treforest Merger**), one of the Treforest sites (ie the Tonypandy Veterinary Clinic) overlaps with a now closed IVC site (**IVC Tonypandy**), (formerly Budget Vets).<sup>74</sup> IVC closed the IVC Tonypandy site on 25 October 2021, and the acquisition by IVC of Treforest completed on 23 November 2021.

### *IVC submissions*

97. IVC submitted that the IVC Tonypandy site was closed as a result of long-term staffing issues which culminated in IVC being unable to find a replacement for the sole vet operating at the site, [redacted].

98. According to IVC, the decision to close the site was taken [redacted] without involvement of the IVC group central management. In IVC's view, the relevant individuals who took the decision to close IVC Tonypandy could have had 'no knowledge' of IVC's intention to acquire Treforest.

99. On this basis, IVC submitted that (i) there can be 'no realistic prospect' that the IVC Tonypandy site was closed in anticipation of IVC acquiring Treforest and (ii) that, due to the staffing shortages it had been experiencing at IVC Tonypandy, IVC had no option but to close the site.<sup>75</sup>

- Closure of the IVC Tonypandy Site

100. IVC submitted that IVC Tonypandy was acquired as a three-vet site<sup>76</sup> but that from March 2020, it had only a sole vet at the practice because the other [redacted].

101. IVC said that, since 2020, it made 'extensive recruitment efforts' in order to restore IVC Tonypandy to [redacted] vets but those efforts were unsuccessful. IVC provided internal emails from October and November 2020 evidencing [redacted] to recruit vets [redacted]. IVC was unable to provide evidence of the actual efforts put in place in the period before April 2021.

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<sup>74</sup> The IVC Tonypandy site is part of IVC South Wales Group (formerly Budget Vets) and was acquired by IVC on 31 March 2016.

<sup>75</sup> Closed Sites Submission, paragraph 12.5–12.8. See also IVC's Issues Letter response.

<sup>76</sup> IVC initially submitted that the site was acquired as a two-vet site and the workload of the practice required [redacted] vets. (Closed Sites Submission, paragraphs 14.1 and 15.2). IVC subsequently submitted that it was originally a three-vet site and that IVC tried to recruit in order to restore it to [redacted] vets. (Closed Sites Further Submission, paragraph 6.1)

102. From April 2021, [redacted], IVC (unsuccessfully) advertised a Veterinary Surgeon position through various channels. The IVC Tonypandy [redacted] recruitment was a priority.<sup>77</sup> IVC provided evidence of its recruitment efforts until August 2021, [redacted].<sup>78</sup> In this regard, the CMA notes that IVC did not provide evidence of active recruitment efforts after 9 August 2021, the date on which the Treforest vendor accepted IVC's offer for Treforest.
103. Once the sole vet [redacted], the site became a 'nurse-led practice'. This was communicated to customers as a temporary change.<sup>79</sup> However, due to further [redacted], IVC told the CMA that it decided to close the site permanently on 25 October 2021 due to a '[redacted]'.<sup>80</sup> IVC was unable to provide written evidence showing how the site's ultimate closure was communicated to customers.
- Treforest Transaction
104. Discussions between Treforest and IVC around a possible acquisition started in November 2017, although the transaction was not taken forward by IVC at that point. In July 2018, IVC made an offer for Treforest [redacted]. IVC made a [redacted] offer for Treforest on 21 July 2021,<sup>81</sup> and the offer was accepted by the Treforest vendor on 9 August 2021. Following due diligence, the IVC Board approved the Treforest Transaction [redacted],<sup>82</sup> and the transaction completed on 23 November 2021.
105. IVC submitted that its mergers and acquisitions (**M&A**) team generally does not [redacted] before making an acquisition and operates on a strictly confidential basis. [redacted].<sup>83</sup> On this basis, IVC considers that the M&A team would not have been aware of the decision to close Tonypandy when deciding to proceed with the Treforest transaction, nor would [redacted] teams [redacted] when the decision to close IVC Tonypandy was taken. [redacted].<sup>84</sup>
106. IVC supported these submissions by providing:<sup>85</sup> (i) an organisational chart showing that, [redacted]; and (ii) internal exchanges showing that [redacted].

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<sup>77</sup> Closed Sites Submission, paragraph 15.1.

<sup>78</sup> IVC's response to the CMA's follow-up questions on closed sites dated 11 January 2023, paragraph 7.2. See also Annexes 23–26 to the Closed Sites Submission.

<sup>79</sup> IVC Internal Document, Annex 2.2 to RF11, 'Tonypandy Facebook Post', July 2022.

<sup>80</sup> Closed Sites Submission, paragraph 17.2.

<sup>81</sup> This date is five days after the last working day before [redacted] the sole vet at the IVC Tonypandy site.

<sup>82</sup> This date is 10 days after the closure of the IVC Tonypandy site.

<sup>83</sup> [redacted]. See IVC's submissions in the course of the Issues Meeting and IVC's Closed Sites Submission, paragraph 17.5.

<sup>84</sup> IVC's submissions during the Issues Meeting.

<sup>85</sup> IVC's response to the Issues Letter.

## CMA assessment

107. The CMA does not believe that available evidence supports the position that the decision to close IVC Tonypandy was not related to the acquisition of Treforest (to the standard required in a Phase 1 investigation). In particular:
- (a) Although there are some [redacted] (including those described at paragraph 105 above), IVC is a single group operating under common direction and control. Even absent explicit instructions or direct information sharing on specific issues, it should be assumed that IVC senior management runs the business to maximise the profits of the organisation as a whole, and that the business's commercial strategy would be set on this basis.
  - (b) The timing of IVC's actions to address staffing issues at the IVC Tonypandy site and the decision to close the site overlaps to a significant extent with the period in which IVC was considering the Treforest transaction and the available evidence indicates that (at least) the [redacted] would have had access to information relating to both M&A activity and existing local operations.
  - (c) Further, although IVC provided some evidence of various efforts to recruit at the IVC Tonypandy site, IVC was not able to provide evidence of those efforts continuing after the start of August 2021 (including in response to specific information requests from the CMA).<sup>86</sup> As the vendor accepted IVC's offer to acquire the Treforest site on 9 August 2021, the evidence available to the CMA therefore indicates that IVC may have ceased (or materially decreased) its efforts to maintain the Tonypandy practice following the agreement in principle of the Treforest acquisition. The CMA notes, in this regard, that [redacted] local [redacted] and the [redacted] are typically material considerations in IVC's assessments of potential acquisitions (with both being listed in the information packs [redacted]). Given the well-known [redacted] issues in the area around IVC Tonypandy and Treforest (which were known by [redacted])<sup>87</sup> and the fact that [redacted], the CMA considers it realistic that IVC's potential acquisition of the Treforest business was, to some extent, taken into account in setting IVC's commercial policy which, in turn, resulted in the closure of the IVC Tonypandy site.

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<sup>86</sup> Closed Sites Submission, paragraph 15.1(iv) and attachment 15.

<sup>87</sup> Closed Sites Submission, paragraph 15.1(ii) attachment 16.

108. Moreover, while there is some evidence of [§<] difficulties at the IVC Tonypandy site for a material period of time ([§<]),<sup>88</sup> that evidence does not support the position that it was inevitable the IVC Tonypandy site would have exited the market absent the Treforest Merger.
109. On this basis, the CMA believes it is or may be the case that the closure of the IVC Tonypandy site was related to the Transaction, and that the closure of IVC Tonypandy was not otherwise inevitable.
110. Accordingly, and for the reasons set out above, the CMA considers that the relevant counterfactual in relation to the Treforest transaction is a scenario where the IVC Tonypandy site would not have closed absent the Treforest Transaction.

## FRAME OF REFERENCE

111. Market definition provides a framework for assessing the competitive effects of the mergers and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the mergers, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.<sup>89</sup>
112. IVC overlaps with the Targets in relation to the supply of veterinary services to small animals, the supply of veterinary services to equine animals and in relation to OOH small animal veterinary services provided on a business to consumer (**B2C**) basis. Each of these overlaps will be considered in turn below.

## Product scope

### *Small animal veterinary services*

113. With the exception of Chiltern, IVC and each of the Targets are active in the provision of veterinary services to small animals.

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<sup>88</sup> IVC submitted that the decline in revenues at the site is also indicative of operational difficulties. However, the CMA notes that a reduction in the number of vets working at the site could have significant implications for the revenue generated by the site. The CMA does not therefore consider the decline in revenues to be an additional indicator of operational difficulties, as this is likely to be closely related to the difficulties in recruiting staff.

<sup>89</sup> [CMA129](#), paragraph 9.4.

114. In its recent decision in *VetPartners/Goddard*, when assessing the merging parties' overlapping activities in the supply of veterinary services to small animals, the CMA concluded that the following should be excluded from the product frame of reference:
- (a) veterinary services provided to farm and equine animals;
  - (b) charitable (as opposed to commercial) providers of veterinary services;
  - (c) sites offering only referral services (but including sites that offer first opinion and referral services to the extent that they provide first opinion services);
  - (d) specialist sites, such as vaccination only centres or practices that only provide veterinary services to a particular type of small animal;
  - (e) OOH services (provided at a practice or otherwise); and
  - (f) telemedicine services and home visit vets.<sup>90</sup>
115. IVC submitted that it agrees with the above exclusions to the product frame of reference for small animal veterinary services.<sup>91</sup> On this basis, and having received no evidence to support departing from this approach, the CMA considers that, in relation to small animal veterinary services, the relevant product frame of reference is the provision of first opinion veterinary care to small animals, on a commercial basis, during daytime hours (**'standard small animals veterinary services'**).

### ***Equine animal veterinary services***

116. IVC overlaps with Chiltern in the provision of veterinary services to equine animals. The CMA considered whether these services need to be further segmented by any of the same factors as those considered in the supply of standard small animal veterinary services, as well as any others.
117. IVC submitted that there should be no segmentation according to the type of animal (eg racehorses)<sup>92</sup> and also that there are no charitable equine veterinary providers that offer these services to the public, so there is no competition between charitable and commercial providers. IVC also submitted that specialist vet services,<sup>93</sup> including specialist referrals, should be excluded from the product frame of

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<sup>90</sup> [VetPartners/Goddard](#), paragraph 53.

<sup>91</sup> RFI1 Response, paragraph 8.1.

<sup>92</sup> Response to RFI1, paragraph 11.6(ii).

<sup>93</sup> Response to RFI1 paragraph 11.6(i).

reference. The evidence gathered in the CMA's investigation supports IVC's submissions.<sup>94</sup>

118. The CMA understands that equine practices typically provide their own OOH services to customers. The CMA is aware of just one third-party provider of Business to Business (**B2B**) OOH services, and IVC has stated that this is not widely used by clinics.<sup>95</sup> Evidence gathered by the CMA in its investigation supports this view.<sup>96</sup> As a result, the CMA considers that it does not need to conclude on whether equine OOH services form a separate frame of reference, as a narrower frame of reference would not materially impact the competitive assessment.
119. IVC submitted that the market is not segmented based on whether or not a customer travels to the site and that the majority of equine medicine is done on an ambulatory basis.<sup>97</sup> Evidence received by the CMA from third parties supports this view.<sup>98</sup> On this basis, the CMA agrees that equine vets offering ambulatory services should be included in the frame of reference.
120. Finally, IVC submitted that whether an equine practice has achieved hospital status (as Chiltern has) is not relevant for the frame of reference. Designation as a hospital, having achieved accreditation under the RCVS Practice Standards Scheme,<sup>99</sup> does not mean that the practice has referral or specialist status nor that it offers a wider range of services.<sup>100</sup> The CMA notes, in this regard, that practices are able to use the term 'hospital' in their practice name without being accredited by the RCVS.<sup>101</sup> On this basis, the CMA considers that hospitals should be included within the frame of reference.
121. On the basis of the evidence summarised above, the CMA considers that the appropriate product frame of reference is the provision of first opinion veterinary services to equine animals including veterinary services provided by ambulatory equine vets (**first opinion equine veterinary services**).

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<sup>94</sup> Enquiry Letter Response, paragraph 11.1–11.5.

<sup>95</sup> Response to RF11, paragraph 10.4.

<sup>96</sup> Note of a call with a third party, November 2022, paragraph 13.

<sup>97</sup> Enquiry Letter Response, paragraph 11.6(iii).

<sup>98</sup> Note of a call with a third party, 30 November 2022, paragraphs 14–17. In *CVS/The Vet*, the CMA also noted that equine vets operate differently to small animal providers, often providing services outside a practice setting (paragraph 60).

<sup>99</sup> <https://www.rcvs.org.uk/setting-standards/practice-standards-scheme/>.

<sup>100</sup> Response to RF11, paragraph 11.6(iv).

<sup>101</sup> Note of a call with a third party, 10 January 2022, paragraph 2; Note of a call with a third party, 26 October 2022.



### **Small animal OOH veterinary services**

122. IVC overlaps with Swaffham and Swayne in the supply of OOH veterinary services to small animals provided on a B2C basis.<sup>102</sup>
123. The RCVS Code of Professional Conduct (the **Code of Conduct**) states that all practicing vets must take steps to provide 24-hour emergency first aid and pain relief to animals.<sup>103</sup> In practice, this means that all small animal sites are required to have arrangements in place to provide OOH care.<sup>104</sup>
124. IVC has described fulfilment of this requirement as a challenge for veterinary practices, given capacity constraints, the unsociable hours and associated wellbeing issues involved.<sup>105</sup> RCVS appears to recognise these challenges, and so practices may provide OOH services to customers themselves, for instance by having a designated vet 'on call', may co-operate locally with shared agreements, or alternatively, may choose to fully outsource their obligations to another practice or a third-party provider, if one is available in their local area.<sup>106</sup>
125. IVC submitted that a customer's choice of which small animal OOH practice to use is largely based on proximity and that suppliers of OOH services compete to provide high quality services, low wait times and competitive prices.<sup>107</sup> IVC also submitted that customers may choose to access a different practice for OOH services as compared to their registered standard hours provider, and that customers may be aware of OOH providers by word of mouth or through internet searches.<sup>108</sup> These submissions indicate that competition does take place between different OOH services for customers outside of the competition that takes place for standard hours small animals vet services.
126. The CMA notes that there are differences between suppliers in relation to the nature and level of OOH service they offer to their customers. For example, some suppliers offer a greater level of service (eg a fully staffed veterinary hospital offering 24-hour care) with some exclusively supplying veterinary care on an OOH basis, while others

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<sup>102</sup> See discussion in the counterfactual section above.

<sup>103</sup> [3. 24-hour emergency first aid and pain relief - Professionals \(rcvs.org.uk\)](#), updated 11 January 2023. As discussed further at paragraph 208 below, the guidance makes clear that a vet should not unreasonably refuse to provide emergency first aid and pain relief to an animal.

<sup>104</sup> [3. 24-hour emergency first aid and pain relief - Professionals \(rcvs.org.uk\)](#), updated 11 January 2023; Enquiry Letter Response, October 2022, paragraph 12.2

<sup>105</sup> Response to RF11, paragraph 1.12.

<sup>106</sup> IVC told us that Vets Now was developed to meet the needs of independent clinics who did not have the capacity or the clinicians to provide their own OOH services.

<sup>107</sup> Enquiry Letter Response, paragraph 29.1; Response to RF11, paragraph 18.2.

<sup>108</sup> Response to RF11, paragraph 19.1.

may offer a more limited service, focussing on the provision of OOH care to registered customers (eg by having an individual ‘on call’ vet who attends some emergencies but may refer others to alternative nearby OOH services).

127. The CMA has not identified a clear basis upon which the OOH services offered by individual practices should, for reasons of demand-side substitutability, be segmented further. Consequently, the CMA considers that the appropriate product frame of reference is the supply of OOH veterinary services to small animals provided on a B2C basis by any small animal practice offering an OOH service (**‘small animal OOH services’**). Differences in the OOH services offered by suppliers are considered in more detail in the competitive assessment section below.

## Geographic scope

128. IVC submitted that the competitive variables in the supply of veterinary services are set either by IVC or the Targets at a local level.<sup>109</sup> With respect to small animal and equine veterinary services, although central support is provided by IVC, practices retain [X].<sup>110</sup>
129. The CMA considers that competition between individual sites occurs on a local basis. On the demand side, owners of small animals are generally only willing to travel a limited distance to attend a veterinary site. This implies that each veterinary site has a catchment area generating the majority of its business.<sup>111</sup> Similarly, in the case of equine, third-party evidence has underlined the importance of local competition between sites despite the predominance of ambulatory care in first opinion equine veterinary services. Geographic proximity to other sites was the most common reason given by third parties when asked to explain the identification of their closest competitors.<sup>112</sup>
130. In the case of small animal OOH services, the CMA understands that, again, competition takes place at a local level, and that proximity is likely to be a key factor in customers’ decisions, given the emergency nature of the service. The RCVS Emergency Guidance refers to OOH services needing to be within a ‘reasonable’ travel distance of customers, which will depend on local conditions.<sup>113</sup>

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<sup>109</sup> Enquiry Letter Response, October 2022, paragraph 29.2.

<sup>110</sup> Enquiry Letter Response, October 2022, paragraph 26.1.

<sup>111</sup> The methodology for identifying specific local catchment areas is set out below at paragraphs 145, 186, and 223–226.

<sup>112</sup> Response to the CMA questionnaire from a number of third parties.

<sup>113</sup> See: [24-hour emergency first aid and pain relief - Professionals \(rcvs.org.uk\)](https://www.rcvs.org.uk), updated 11 January 2023.

131. On this basis, and in accordance with the approach in *VetPartners/Goddard*, the CMA will assess the impact of the Mergers in all three frames of reference on a local basis.

### **Conclusion on frame of reference**

132. For the reasons set out above, the CMA has considered the impact of the Mergers in the following frames of reference on a local basis:

- (a) standard small animal veterinary services;
- (b) first opinion equine veterinary services; and
- (c) small animal OOH services.

## **COMPETITIVE ASSESSMENT**

### **Horizontal unilateral effects**

133. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.<sup>114</sup> Horizontal unilateral effects are more likely when the merging parties are close competitors. The CMA assessed whether it is or may be the case that any of the Mergers have resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in:

- (a) standard small animal veterinary services;
- (b) first opinion equine veterinary services; and
- (c) small animal OOH services.

### **Horizontal unilateral effect in the supply of standard small animal veterinary services**

134. The CMA assessed the likelihood of IVC's acquisition of Penrose, Pet Care, Swayne, Treforest, Mercer & Hughes, and Anglesey ('**small animal Targets**') resulting in unilateral effects in the supply of standard small animal veterinary

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<sup>114</sup> [CMA129](#), paragraph 4.1.

services.<sup>115</sup> To that end, the CMA has considered, in relation to each of these transactions:

- (a) the closeness of competition between IVC and the relevant small animal Targets; and
- (b) the results of a local area analysis which looks at shares of supply within each of the relevant IVC's and the small animal Targets' catchment areas, including the competitive constraint exerted by alternative suppliers.

### ***Closeness of competition***

135. In *VetPartners/Goddard* and *CVS/The Vet*, the CMA did not find evidence of material differentiation in the supply of standard small animal veterinary services. In that case, the CMA considered, based on the available evidence, that there was material competitive interaction between the merging parties and that they were generally likely to compete at least as closely with each other as they do with other standard small animal veterinary sites located within the catchment areas.
136. In the present cases, the CMA has not seen evidence (and has not received submissions from IVC)<sup>116</sup> to indicate that the small animal Targets and IVC compete more or less closely with each other than they do with other standard small animal veterinary sites located within the catchment areas.<sup>117</sup>
137. Within the confines of a Phase 1 investigation, in particular given this transaction was subject to a 4-month deadline as a completed transaction, it has not been possible for the CMA to gather information from individual customers about their preferences and whether they consider the Parties to be close alternatives to each other. Nevertheless, some of the evidence available to the CMA suggests that there may be some degree of differentiation among suppliers of small animal veterinary services. This evidence does not, however, suggest that the extent of such differentiation could make a meaningful difference to the outcome of the CMA's competitive assessment (particularly within the context of the substantive test applied in a Phase 1 investigation).

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<sup>115</sup> The CMA notes that Swaffham supplies standard small animal veterinary services, however there is no local overlap between Swaffham and IVC for this frame of reference within their respective average catchment areas (as defined in paragraph 145).

<sup>116</sup> Separate to this, IVC made submissions on the extent of competition between the IVC and Penrose in the local area centred on the Penrose site 'Penrose Veterinary Group Brinkley Lane'. These submissions are addressed at paragraph 169 below.

<sup>117</sup> In particular, the CMA notes that it has not identified any significant monitoring and/or benchmarking of local competitors within IVC's internal documents.

### *Conclusion on closeness of competition*

138. For the reasons set out above, the CMA considers that there is material competitive interaction between IVC and each of the small animal Targets, and that (after accounting for the number of FTE vets at each site) IVC and each of the relevant Targets compete at least as closely with each other as they do with other standard small animal veterinary sites located within the catchment areas.

### ***Local area analysis***

139. As competition between small animal veterinary practices, including those operated by IVC and each of the small animal Targets, takes place at the local level, the CMA has carried out a local area analysis to identify specific areas where any or all of the relevant Mergers give rise to a realistic prospect of a substantial lessening of competition (**SLC**).
140. Consistent with the CMA's approach in *VetPartners/Goddard* and *CVS/The Vet*, the CMA considers that the appropriate approach to identifying those local areas in which there is a realistic prospect of an SLC at Phase 1 is to apply a decision rule reflecting the evidence the CMA has gathered on competitive constraints.
141. In order to assess the competitive impact of the Merger at a local level, the CMA has considered:
- (a) which sites should be included in the effective competitor set, and the extent to which services provided by entities falling outside of this effective competitor set impose any competitive constraint;
  - (b) the appropriate catchment areas, and what other competing sites exist within those areas;
  - (c) which measure underlying the shares of supply is most appropriate for use in our assessments; and
  - (d) the appropriate threshold for the combined share of supply above which (and in the absence of other evidence to the contrary) a realistic prospect of an SLC arises.

### ***Effective competitor set***

142. As described in the frame of reference section above, the CMA believes that the relevant competitor set (in relation to each of the Mergers under consideration in this

section) consists of other commercial first opinion veterinary sites providing care to small animals during standard daytime hours.<sup>118</sup>

143. The CMA does not believe that there are material out-of-market constraints in the supply of standard small animal veterinary services. As described above in the section on product scope, the CMA is aware of veterinary sites that operate outside of this effective competitor set, eg charitable sites and home visit vets. In line with IVC's submissions, the CMA believes, on the basis of the evidence available to it, that such sites impose no material constraint on IVC and the small animal Targets.<sup>119</sup>

### *Catchment areas*

144. To derive the local catchment areas in its analysis, the CMA considered the 80th percentile drivetimes based on revenues for sites of all of the small animal Targets and the 44 IVC small animal sites which could conceivably overlap (the **individual catchment areas**).<sup>120</sup> This is consistent with the approach adopted in *VetPartners/Goddard*.<sup>121</sup>
145. Separately for each Merger, the CMA has calculated a simple average of the individual catchment areas for each of IVC's and the small animal Target's sites which only offer first opinion services (**average catchment areas**).<sup>122</sup> These average catchment areas have been used to define the local catchment areas for IVC's and the small animal Target's sites (including those sites supplying a mix of

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<sup>118</sup> The CMA has excluded speciality practices, referral-only sites, and home visit vets from its local analysis. Even if there were evidence supporting the inclusion of these sites in the effective competitor set, the CMA does not consider that this would affect the outcome of its local analysis given the limited presence of such sites in IVC's and the small animal Targets' catchment areas.

<sup>119</sup> See for example: [VP/Goddard](#), paragraphs 57–67 and 86–93; and [CVS/The Vet](#), paragraphs 62 See, for example, [CMA62](#), paragraph 2.20–69.

<sup>120</sup> Each site-specific catchment area represents the drivetime that encapsulates 80% of the sites' revenues by customer location. Following the approach taken in [VP/Goddard](#), IVC identified relevant IVC small animal sites as those sites within a 30-minute drive of any Target small animal site (Annex 18.1 to the Enquiry Letter Response, paragraph 2.9). The CMA considers a 30-minute cut off to be appropriate because the average drivetime catchment areas used in the CMA's analysis are less than 30 minutes and are unlikely to be greater than 30 mins with the addition of further IVC sites.

<sup>121</sup> [VetPartners/Goddard](#), paragraph 126. This is also in keeping with the approach set out in the CMA's Retail Mergers Commentary (see, for example, [CMA62](#), paragraph 2.20).

<sup>122</sup> The CMA notes that one of IVC's first opinion sites offers a mix of first opinion and referral services ('Mulberry Court Veterinary Surgery'). Due to limitations in the data, catchment areas could only be provided on a combined basis for this site. Given that customers are likely to travel significantly further to access referral services, and referral services constitute a separate product frame of reference, the CMA has removed the catchment area of this site from its estimate of the average catchment area.

first opinion and referral services).<sup>123</sup> This is consistent with the approach adopted in *VetPartners/Goddard* and *CVS/The Vet*.<sup>124</sup>

146. The CMA notes that Anglesey and Pet Care are single-site practices, and that only one Penrose site remains open (see counterfactual section above). Accordingly, the CMA has used the individual catchment area for each of these sites to define the relevant local catchment areas.<sup>125</sup>

147. Table 1 shows the average 80th percentile drivetime catchment areas resulting from this approach.

**Table 1: Average drivetime catchment areas**

<i>Merger</i>	<i>Target sites (mins)</i>	<i>IVC sites (mins)</i>
Anglesey	21.0	27.7
Penrose	20.9	19.6
Mercer and Hughes	20.0	18.5
Petcare	10.4	18.7
Swayne	23.7	21.0
Treforest	15.8	16.7

Source: CMA analysis.

Note: Figures rounded to 1 decimal place. Individual drivetimes were calculated allowing traffic and for travel departing at noon on Wednesday 14 September 2022.

148. As noted in the CMA's Retail Mergers Commentary, when assessing local markets the CMA usually calculates an average catchment area and applies this catchment area to identify competitors.<sup>126</sup> Whether it is appropriate to define local areas with reference to average or individual catchment areas (or both) depends on the specific facts of a case and the industry within which the assessment relates.<sup>127</sup>

149. While the CMA considers that it is appropriate to use average catchment areas (where possible) to define the relevant local areas in these cases, on a cautious basis, in instances where the average catchment area identifies no competitors, the

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<sup>123</sup> As an illustrative example, if Target A has two first opinion only sites (site 1 and site 2) and one site offering first opinion and referral services (site 3), a simple average is calculated using only site 1 and site 2. This average is then used as the catchment area for all sites, ie site 1, site 2 and site 3.

<sup>124</sup> *VetPartners/Goddard*, paragraph 130; and *CVS/The Vet* decision summary, paragraphs 12–13. This also aligns with the approach adopted by the CMA in the analysis of mergers involving human healthcare. See for example: *National Fostering Agency / Outcomes First Group merger inquiry*, Phase 1 Decision, paragraph 69; *FC Oval/Bupa merger inquiry*, Phase 1 Decision, paragraph 43; *Cygnnet Health Care / Cambian adult services division merger inquiry*, Phase 2 Final Report, paragraph 5.115.

<sup>125</sup> The CMA has also used the individual catchment area for the single IVC site which conceivably overlaps with Anglesey's site.

<sup>126</sup> *Retail Mergers Commentary*, 10 April 2017 (**CMA62**), paragraph 2.21.

<sup>127</sup> The CMA notes that in some cases it may even be appropriate to identify the catchment area (whether individual or average) producing the most conservative result (ie the highest combined shares of supply). See for example: *Cygnnet Health Care/Cambian adult services division*, phase 1 decision, 21 April 2017, paragraph 62.

CMA considers it appropriate to perform the local analysis on the basis of the sites' individual catchment area as an additional check.<sup>128</sup>

150. In particular, the CMA notes that when using the relevant average drive time catchment, no other veterinary practices fall within the catchment area for the IVC site 'Hawkedon and Homefield Vets Ltd – Hawkedon'. Therefore, the CMA has defined the local area around this site with reference to its individual catchment area.<sup>129</sup>

#### *Measure of shares*

151. In *CVS/The Vet* and *VetPartners/Goddard*, the CMA used the number of FTE vets operating at a small animal site to calculate shares of supply within each of the catchment areas where the merging parties overlapped. Recognising that there is no single measure that can capture every aspect of competition in a market, the CMA considered the number of FTE vets serving the customers of a site to be reflective of the level of demand at that site, including when customers are selecting a veterinary provider for the first time, and its competitive strength.<sup>130</sup>
152. The CMA has not identified any reasons to deviate from the approach taken in *CVS/The Vet* and *VetPartners/Goddard* and notes that IVC did not make specific submissions on this point. On this basis, and in the context of the evidence available to the CMA in these cases, the CMA considers the number of FTE vets at a small animal site to be the most appropriate measure on which shares of supply can be assessed.<sup>131</sup>

#### *Adjustment for mixed sites*

153. Some small animal veterinary sites offer services to other types of animals, namely equine and farm animals, while others offer a mix of first opinion and referral services ('**mixed sites**'). The CMA considers that the total number of FTE vets for mixed sites may overstate their competitive strength as regards small animal first

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<sup>128</sup> This is because, in such instances, competition may be occurring over a larger area and the use of an average catchment area may fail to identify local competitive constraints.

<sup>129</sup> For completeness, the CMA notes that removing the individual catchment area of 'Hawkedon and Homefield Vets Ltd – Hawkedon' from the calculation of IVC's average catchment area would not affect the outcome of the CMA's local analysis.

<sup>130</sup> Given the identified number of FTE vets at each of the sites within a catchment area, the CMA's analysis applies an equal weighting to each site.

<sup>131</sup> The CMA notes that, consistent with the findings of [CVS/The Vet](#) and [VetPartners/Goddard](#), there is a strong correlation between the FTE vets and revenues for the small animal sites of IVC and the small animal Targets. See [CVS/The Vet](#), paragraph 139, and [VetPartners/Goddard](#), paragraph 125.



opinion services, given that some of this resource will be spent providing referral services and services to other types of animal.

154. The CMA notes that the evidence it has reviewed indicates that there are only a relatively small number of mixed sites located within the relevant catchment areas. Notwithstanding this position, the CMA considers that it may be appropriate to adjust the FTE vet numbers to reflect the number of FTE vets that are involved in providing first opinion services to small animals, rather than referral or first opinion care to other types of animal.<sup>132</sup>
155. IVC provided a breakdown which shows the number of small animal FTE vets that provide first opinion services at their mixed sites. This excludes vet specialists and, where relevant, seeks to account for the presence of vets treating other animal types (eg equine animals).<sup>133</sup> IVC also provided estimates of the number of small animal FTE vets that provide first opinion services at third-party mixed sites.<sup>134</sup> Where relevant, and absent any data directly received from third parties, these adjusted FTE figures have been used as the basis for the CMA's share of supply calculations.
156. With regards to the data gathered directly from third parties, the CMA has received a breakdown of vets by animal type, but not reliable estimates of the number of vet specialists or the proportion of vets engaged in referral (specialist) work. Accordingly, in those instances where such third-party practices have been included in the analysis, the CMA has not made any adjustment to the FTE vets data to exclude time spent by vets on referral work. As a result, it is possible that the competitive constraint posed by these third parties may be overstated within the CMA's analysis (although there is no evidence to suggest that that this would make a meaningful difference to the outcome of the CMA's competitive assessment in these cases).<sup>135</sup>

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<sup>132</sup> Additionally, the CMA considers that the total numbers of FTE vets submitted by third-party sites that provide OOH services (versus those that do not) may also overstate their competitive significance (when assessing market shares) in relation to first opinion services, given that these vets may also spend time providing OOH services.

<sup>133</sup> IVC accounted for this by allocating the total number of FTE vets at each site in proportion to the revenues generated from the provision of veterinary services to different animal types (reference to Parties submission).

<sup>134</sup> As for IVC's and the small animal Targets' sites, IVC excluded any vet specialists and adjusted the number of FTEs for sites treating other types of animal.

<sup>135</sup> At the same time, the CMA considers that these sites (particularly hospitals that offer a wider range of services) could provide a stronger constraint than first-opinion only sites as customers may consider them to be more attractive if they are able to offer a wider range of services in-house, more advanced or newer equipment, and have a reputation for quality care. On this basis, a reduction to the total number of FTE vets

### *Adjustments for hub-and-spoke models*

157. The CMA understands that for certain providers that operate a hub-and-spoke model, as outlined in paragraph 41, the number of FTE vets employed by the hub and its branch practices may not be fully representative of the capacity of each site. The CMA understands that there is a degree of flexibility in relation to the use of vets across the hub and spoke sites and that, in some hubs, a proportion of their FTE vets will spend a proportion of their time working at the spoke sites. To take account of this, and to better reflect the competitive constraint imposed by either hub or spoke sites, the CMA asked IVC and third parties to allocate FTE vets between the sites in which they spend their time. These adjustments are reflected in the shares of supply used within the CMA's analysis.
158. In addition, hubs may treat patients referred from its linked spoke sites. Therefore, a proportion of the FTE vets at a hub may carry out first opinion work that is a result of patients being sent from the spoke site. In these circumstances, the CMA considers that the competitive strength of a hub could be overstated in the CMA's local analysis (because the work of the FTE at the hub site reflects demand driven at the spoke site).<sup>136</sup> The CMA notes that IVC did not make specific submissions on this point. While it may be appropriate to adjust the FTE vet numbers of hubs to reflect this (or to apply a weighting), the evidence available to the CMA in this case did not indicate that such adjustments would make a meaningful difference to the outcome of the CMA's competitive assessment in these cases.<sup>137</sup>

### *Locums*

159. The FTE data submitted by IVC excludes any locum vets used by sites of IVC, the small animal Targets, and third parties. The CMA understands that practices typically use locums on a temporary basis to fulfil the duties of other vets whilst they

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to account for those engaged in referral (specialist) work could risk understating the competitive significance of those sites. The CMA has not received sufficient evidence in this case to conclude on this point and does not consider that any adjustment or weighting within the effective competitor set would materially affect the SLC sites identified in Table 2 below.

<sup>136</sup> Relatedly, the CMA considers that branch sites which are linked to a hub (relative to sites with no such link to a hub) may benefit from access to vets based at the hub that are not captured by the number of FTE vets working at the branch site. As a result, the competitive constraint from spoke sites may be understated (within the context of an analysis of market shares).

<sup>137</sup> It is noted that the CMA has been unable to reliably identify the extent to which there are third-party competitor hub or spoke practices located within each catchment area. Additionally, the CMA considers that hub sites could provide a stronger constraint than standalone sites as customers may consider them to be more attractive if, for example, they are able to offer a wider range of services in-house. Therefore, a reduction to the total number of FTE vets to account for this could risk understating the competitive significance of hub sites.

are away from work or for periods during which a practice is unable to recruit vets on a permanent basis.<sup>138</sup>

160. The CMA asked third-party sites to provide data on the number of FTE vets employed, including the number of locums generally used by the site. The CMA considers this is appropriate to mitigate the impact of any short-term fluctuations in the number of FTE vets at a site.<sup>139</sup> At the same time, given that the figures submitted by IVC (and used in the CMA's analysis) do not include the use of locums, the CMA considers that this approach may overstate the competitive strength of those third parties from which the CMA was able to directly gather data (eg where a locum is covering annual leave, rather than gaps in vacancies).
161. In order to check this asymmetry, the CMA obtained data from IVC on the use of locums at the IVC and Target sites under assessment. The CMA notes that the inclusion of locums at IVC and the small animal Targets within the CMA's analysis has a limited impact on the shares of supply estimates in each local area. This is because the relevant sites of IVC and the small animal Targets generally use no or a small number of FTE locums.
162. One exception to this is the IVC site of Easipetcare Ltd Dartford,<sup>140</sup> which has [X] FTE vets and, in addition, uses [X] FTE locum vets.<sup>141</sup> The CMA considers that [X] implies that the locums are not being used on a temporary basis (eg to cover annual leave) but may in fact be covering vacancies for permanent staff. On this basis, and absent any submissions from IVC on this point, the CMA has taken a cautious approach and included the number of FTE locum vets when calculating the shares of supply in the local area centred on Easipetcare Ltd Dartford.<sup>142</sup>

### *Threshold*

163. In line with *VetPartners/Goddard* and *CVS/The Vet*, the CMA believes that for standard small animal veterinary services, a threshold of a 30% combined share

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<sup>138</sup> IVC's response to the CMA's section 109 Notice, 24 October 2022 (**s109(1) response**), question 3.

<sup>139</sup> For example, as noted above, the inclusion of locums will ensure the FTE data gathered directly from third parties captures instances where a practice is temporarily using locums to fill a permanent vacancy while it undertakes recruitment efforts for a permanent vet.

<sup>140</sup> Easipetcare Ltd Dartford (2 Kent Road, Dartford, Kent DA12DA).

<sup>141</sup> IVC's response to the CMA's section 109 Notice, 26 October 2022 (**s109(2) Response**), question 1; IVC's response to the CMA's Request for Information, 22 December 2022 (**RFI4 Response**), question 1.

<sup>142</sup> As noted in paragraph 160, the data gathered directly by the CMA for third parties includes the usage of locum vets. In the catchment area for 'Easipetcare Ltd Dartford' the CMA has gathered data directly from all but one third party site. Accordingly, including locum vets in IVC's FTE figures for this site provides for a more accurate like-for-like comparison.

calculated on the basis of practices' FTE vets data is appropriate for the identification of areas in which there is a realistic prospect of an SLC.<sup>143</sup>

164. The CMA has not seen any evidence that would support the adoption of a higher threshold for its assessment, nor did IVC provide any evidence or submissions in this regard. In particular, the CMA notes that:
- (a) a starting point of 30% to assess competition concerns is broadly consistent with the CMA's prior practice, with higher thresholds typically having been used in cases where significant evidence or analysis was available to support such a position or/and there was evidence of material out-of-market constraints;
  - (b) it is not able to call on existing research into the veterinary sector, such as consumer surveys, to inform the CMA's understanding on the nature of competition, and IVC has not provided any such evidence;
  - (c) as set out in the frame of reference section, the CMA considers there are limited out-of-market constraints with respect to the provision of standard small animal veterinary services, including from different types of veterinary sites.

### *Increment*

165. In some past cases (not in the veterinary sector), the CMA has identified areas where the merger may give rise to competition concerns by identifying areas exceeding both a combined share threshold and an increment threshold of 5%.<sup>144</sup> In both *CVS/The Vet* and *VetPartners/Goddard*, the increment to the share of supply arising as a result of the merger exceeded 5% for all of the relevant local areas where the Parties combined share exceeded 30%. In the present cases, there are three local areas within which IVC and the relevant small animal Target have a combined share of 30% or more but for which the increment arising from the relevant Merger is less than 5%; these are the areas centred on the Target site 'Mercer and Hughes Bocking Braintree' (relevant for the Mercer & Hughes Merger) and the IVC sites 'Aran Vet Clinic' (relevant for the Anglesey Merger) and 'Oval Pet Centre Sidcup' (relevant for the Pet Care Merger).<sup>145</sup>

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<sup>143</sup> For more details, see [VetPartners/Goddard](#), paragraph 168.

<sup>144</sup> See for example: [CMA62](#), paragraph 3.37(a); [CD&R / Morrisons](#), phase 1 decision, 24 March 2022, paragraph 74; [Tarmac Trading Limited/Breedon Group plc](#), phase 1 decision, 26 April 2018, paragraph 113.

<sup>145</sup> See Annex A for more details. Mercer and Hughes Bocking Braintree Veterinary Surgery (175-179 Church Lane, Braintree, Essex CM75SG); Oval Pet Centre Sidcup (19 The Oval, Sidcup, Kent DA159ER); Aran Vet Clinic (Aran Veterinary Clinic, Llangefni, Anglesey LL777XA).

166. On a cautious basis, and absent any submissions from IVC on this point, the CMA does not consider an increment threshold of 5% to be necessary to identify areas in which there is a realistic prospect of an SLC in these cases. In particular, this is because:
- (a) IVC has a share of supply of greater than [40-50]% in areas centred on the 'Aran Vet Clinic' and 'Oval Pet Centre Sidcup'. In this context, the CMA considers that even small increments may be problematic as IVC already has a strong market position in the local area.<sup>146</sup>
  - (b) The increment arising from the merger would be greater than 5% for 'Mercer and Hughes Bocking Braintree' and 'Aran Vet Clinic' when considering the FTE vets for each site in the period before each merger.<sup>147</sup> In these instances, the CMA cannot exclude that the reduction in vets at these sites in the time since IVC's acquisition of Mercer & Hughes and Anglesey is related to each acquisition.

#### *Outcome of local analysis*

167. Based upon the methodology set out above, the CMA estimates that IVC and the small animal Targets (as relevant) have a combined share of the supply of standard small animal veterinary services above 30% in the local catchment areas set out in Table 2 below.<sup>148</sup>

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<sup>146</sup> See for example: [CMA129](#), paragraph 4.12 (c); [Breedon Group plc / Cemex Investments Limited](#), phase 1 decision, 26 August 2020, paragraph 160(d).

<sup>147</sup> Namely, the number of small animal FTE as of July 2021.

<sup>148</sup> The CMA notes that the local area centred on 'Catley Cross Veterinary Clinic Limited' contains the sites of two Targets: Swayne & Partners Limited – Sudbury (with a share of [10-20]%) and Mercer and Hughes Bocking Braintree Veterinary Surgery (with a share of [0-5]%), with the combined share shown in Table 2 reflecting the share of IVC and both Target sites. In this instance, whether the CMA treats the Mercer & Hughes site as being part of IVC or not (ie whether or not a counterfactual of the Mercer and Hughes transaction being found to be an SLC is used) does not change the outcome of the analysis. There are no other local areas that contain the sites of more than one Target. For the avoidance of doubt, the CMA notes that 'Catley Cross Veterinary Clinic Limited' passes the decision rule when considered as a centroid site and conceivable overlap in relation to Mercer & Hughes. This is because the average catchment area used to assess IVC sites which conceivably overlap with Mercer & Hughes sites is lower than the average catchment area used to assess those IVC site which conceivably overlap Swayne sites (see Table 1).

**Table 2: Combined shares of supply in standard small animal veterinary services**

Underlying Target	Centroid site name	Centroid site type	Range of combined share (by FTE vets)
Anglesey	Aran Vet Clinic	IVC	[40-50]%
Mercer and Hughes	Mercer & Hughes Stansted	Mercer and Hughes	[30-40]%
Mercer and Hughes	Mercer and Hughes Bocking Braintree	Mercer and Hughes	[30-40]%
Mercer and Hughes	Apollo Vets Black Notley	IVC	[40-50]%
Mercer and Hughes	Spring Lodge Veterinary Centre	IVC	[40-50]%
Mercer and Hughes	Walton Lodge Veterinary Group	IVC	[30-40]%
Penrose	Penrose Veterinary Group Brinkley Lane	Penrose	[30-40]%
Petcare	Pet Care Veterinary Surgery	Petcare	[50-60]%
Petcare	Oval Pet Centre Welling	IVC	[60-70]%
Petcare	Oval Pet Centre Sidcup	IVC	[40-50]%
Petcare	Parkvets Veterinary Clinic Belvedere	IVC	[30-40]%
Petcare	Easipetcare Ltd Dartford	IVC	[30-40]%^*
Swayne	Swayne & Partners Sudbury	Swayne	[60-70]%
Swayne	Swayne & Partners Bury St. Edmunds	Swayne	[30-40]%
Swayne	Swayne & Partners Haverhill	Swayne	[30-40]%
Swayne	Catley Cross Veterinary Clinic	IVC	[70-80]%
Swayne	Mulberry Court Veterinary Surgery	IVC	[60-70]%
Swayne	Mulberry Vets Henny	IVC	[60-70]%
Swayne	Haughley Veterinary Centre	IVC	[40-50]%
Swayne	Hawkedon and Homefield Vets - Homefield	IVC	[30-40]%
Swayne	Hawkedon and Homefield Vets - Hawkedon	IVC	[50-60]%^†
Treforest	Tonypandy Veterinary Clinic	Treforest	[60-70]%^‡
Treforest	South Wales Vets	IVC	[60-70]%^‡

Source: CMA analysis.

\* Includes the locums for the centroid site (see paragraph 162).

† Based on a local area defined by the site's individual drivetime catchment area (see paragraph 150).

‡ Each of these catchment areas include the third-party site 'Oxford House Veterinary Clinic' which was founded in August 2022 by the former sole vet of the now closed IVC Tonypandy site.

168. A full list of the IVC and the small animal Targets sites that raise competition concerns is included in **Annex A**.

- IVC's submissions regarding outcome of local analysis

169. In relation to the local area centred on the Penrose site 'Penrose Veterinary Group Brinkley Lane' (**Brinkley Lane**), IVC submitted maps showing the locations of customers and veterinary practices falling within the catchment areas of Brinkley Lane and the IVC site 'The Barn Veterinary Practice'. IVC submitted that the customer location maps show that:

- (a) Brinkley Lane and The Barn draw most of their customers from two different urban areas (Colchester and Ipswich, respectively).

(b) Brinkley Lane has seven closer competitors before the first IVC site (Ark Veterinary Centre).<sup>149</sup>

- CMA's assessment

170. The CMA considers that the use of a decision rule is designed to assess all local areas of overlap systematically by reference to the same factors, rather than having regard to different factors in different local areas, unless there is evidence that certain factors are only applicable in certain local areas (eg imminent entry or exit). The decision rule in this case is being applied within the context of a Phase 1 investigation, which is intentionally a lower and more cautious threshold for an SLC finding than that applied by the CMA after a more extensive investigation at Phase 2. Within that context, the CMA has received no evidence to suggest that the factors submitted by IVC in relation to Brinkley Lane are unique to that particular area.
171. As such, the CMA considers that the factors identified by IVC in relation to Brinkley Lane are not unique, and there is no reason to assess this area independently of the decision rule.

### ***Conclusion on horizontal unilateral effects in the supply of standard small animal veterinary services***

172. For the reasons set out above, the CMA believes that there is a realistic prospect of an SLC arising in the 23 catchment areas listed in Table 2 as a result of horizontal unilateral effects in the supply of standard small animal veterinary services.

### **Horizontal unilateral effects in the supply of first opinion equine veterinary services**

173. The CMA has assessed the likelihood of IVC's acquisition of Chiltern (the **Chiltern Merger**) resulting in unilateral effects in the supply of first opinion equine veterinary services. To that effect, the CMA has considered:
- (a) the available evidence on the closeness of competition between IVC and Chiltern; and
  - (b) the results of a local area analysis which looks at shares of supply within the each of the relevant IVC's and Chiltern's catchment areas, including the competitive constraint exerted by alternative suppliers.

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<sup>149</sup> IVC's response to the Issues Letter, pages 18-23.

### ***Closeness of competition***

174. As discussed at paragraph 135, in its substantive assessment of a merger, the CMA will consider the degree of closeness of competition between the merging parties – with competition concerns generally more likely to arise the more closely the parties compete.<sup>150</sup>

#### *IVC's submissions*

175. IVC submitted that the three IVC sites relevant for the CMA's analysis (Donnington Grove, Park Veterinary Centre, Wendover Heights Vets) do not compete particularly closely with Chiltern Equine as:

- (a) Chiltern aims to provide a broad range of FOP services catering for all sections of the market (including the provision of FOP services to sports horses and breeding services);
- (b) Donnington Grove is positioned [redacted] providing complex care, [redacted], and has a greater focus [redacted] than Chiltern; and
- (c) Park Veterinary Centre and Wendover Heights Vets are [redacted] than Chiltern and primarily ambulatory with [redacted] Chiltern Equine and Donnington Grove.<sup>151</sup>

#### *CMA's assessment*

176. In its investigation the CMA has considered the extent of differentiation between suppliers of first opinion equine veterinary services. Evidence seen by the CMA indicates that, while there are differences in the customer mix and range of services supplied by equine sites (including different types of equine sites)<sup>152</sup> such differences do not result in sites competing more or less closely to a material degree.<sup>153</sup> On this basis, the CMA considers that there is no need for adjustments to the approach set out below in the local area analysis.

177. In particular the CMA notes that:

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<sup>150</sup> [CMA129](#), March 2021, paragraph 4.8.

<sup>151</sup> IVC's Response to the CMA's Request for Information, 25 November 2022 (**RFI3 Response**), question 10.

<sup>152</sup> eg Ambulatory practices offering a mobile service or Hospitals with the facilities to treat horses on site.

<sup>153</sup> Notwithstanding this position, while there may be some degree of differentiation among suppliers of first opinion equine animal veterinary services not captured by our local assessment, the CMA does not consider that the presence of any such differentiation would change the outcome of its assessment, particularly given IVC's and Chiltern's high combined share of supply in several of the local areas for which the CMA has identified a realistic prospect of an SLC.



- (a) When considering their closest competitors, the majority of respondents to the CMA's equine competitor questionnaire cited geographic proximity as the only factor affecting the closeness with which they compete with other suppliers.<sup>154</sup>
- (b) Only two competitors cited reasons other than proximity and noted that their closest competitors were other ambulatory practices that cater to the same types of clients eg race horses.<sup>155</sup>
- (c) Some equine competitors indicated that hospitals compete closely with other types of equine practices.<sup>156</sup> In particular, one ambulatory equine competitor told the CMA that hospitals compete closely with other types of first opinion practices as they offer the same services and can support this service with the hospital's facilities and specialist vets.<sup>157</sup>
- (d) Some third parties told the CMA that facilities were not necessary for a practice to be competitive.<sup>158</sup>
- (e) Three respondents operating ambulatory practices told the CMA that Chiltern was one of their closest competitors.<sup>159</sup>

178. Additionally, the CMA notes that in local areas where there may be an element of differentiation between the centroid site and the other Party site, the CMA has not seen specific evidence indicating that particular third party sites present in the catchment area are more similar to the centroid (when compared to the other Party site(s)).

179. In view of this, the CMA considers that the available evidence does not support any findings of a lack of closeness of competition between IVC and Chiltern within a particular local area.

#### *Conclusion on closeness of competition*

180. Accordingly, consistent with its assessment of small animal veterinary services, the CMA considers that (after accounting for the number of FTE vets at each site) IVC and Chiltern are likely to compete at least as closely with each other as they do with

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<sup>154</sup> Third party responses to the CMA's questionnaire, question 8.

<sup>155</sup> Third party responses to the CMA's questionnaire, question 8.

<sup>156</sup> Third party responses to the CMA's questionnaire, question 9.

<sup>157</sup> Third party responses to the CMA's questionnaire, question 9.

<sup>158</sup> Third party response to the CMA's questionnaire, question 9; Note of a call with a third party, paragraph 17; Third party submission of 6 January 2023.

<sup>159</sup> Third Party responses to the CMA's questionnaire, question 9.

other first opinion equine animal veterinary sites located within the relevant catchment areas.

### ***Local area analysis***

181. As competition between equine animal veterinary practices, including those operated by IVC and Chiltern, takes place at the local level, the CMA has carried out a local area analysis to identify specific areas where the Chiltern Merger gives rise to a realistic prospect of an SLC.
182. Consistent with the CMA's standard approach to assessing horizontal unilateral effects at the local level, and in line with its approach to assessing horizontal unilateral effects in the supply of standard small animal veterinary services, the CMA considers that the appropriate approach to identifying the local areas in which there is a realistic prospect of an SLC at Phase 1 is to apply a decision rule reflecting the evidence the CMA has gathered on competitive constraints, considering the factors listed at paragraph 141 above.

### ***Effective competitor set***

183. As described in the frame of reference section above, the CMA believes that the relevant competitor set consists of those offering first opinion veterinary care to equine animals. The CMA considers this to include ambulatory vets that offer a mobile service and to exclude sites only offering referral (specialist) services.<sup>160</sup>
184. The CMA does not believe that there are material out-of-market constraints in the supply of first opinion equine veterinary services<sup>161</sup> and is not aware of any other types of practice which impose a constraint on IVC and Chiltern. In particular, IVC submitted that charitable veterinary services have a limited presence in the supply of veterinary services to equine animals.<sup>162</sup>

### ***Catchment areas***

185. Consistent with its approach to small animal veterinary services, to derive the local catchment areas in its analysis, the CMA has considered the individual catchment

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<sup>160</sup> The CMA has excluded referral-only sites from its local analysis. In particular, the CMA notes that it removed the site 'RVC Equine Referral Hospital (Royal Veterinary College, Hatfield, Hertfordshire AL97TA)' as this appeared to only offer referral services, with its supply of first opinion services being under the name 'RVC Equine Practice (Royal Veterinary College, Hatfield, Hertfordshire AL97TA)' (see [Royal Veterinary College - Equine Referral Hospital - Find A Vet \(rcvs.org.uk\)](https://rcvs.org.uk)). Additionally, the CMA has excluded a supplier of alternative medicine ('Alternative Veterinary Medicine Centre') and a supplier of equine acupuncture ('Dietrich Graf Von Schweinitz Acupuncture').

<sup>161</sup> As defined in the frame of reference section above.

<sup>162</sup> Response to RF11, paragraph 11.6.

areas (based on revenues) for the four Chiltern equine animal sites and the 14 IVC equine animal sites which could conceivably overlap.<sup>163</sup>

186. The CMA has calculated a simple average of the individual catchment areas for each of IVC and Chiltern's non-referral equine sites.<sup>164</sup> These average catchment areas have been used to define the local catchment areas for IVC's and Chiltern's equine animal sites (including those sites supplying referral services). This yields drivetime catchment areas of:

- (a) 50.8 minutes for Chiltern's sites; and
- (b) 44.5 minutes for IVC's equine animal sites.<sup>165</sup>

187. As in its assessment of standard small animal veterinary services, the CMA considers that it may also be appropriate to consider a site's individual catchment area in instances where the average catchment area identifies no competitors. However, no such local areas were identified in the CMA's analysis.

#### *Measure of shares*

188. The CMA has considered which available measure most reliably captures the strength of the competitive constraint imposed by each supplier of first opinion equine animal veterinary services within each relevant catchment area.

189. Consistent with the CMA's approach in standard small animal services (see paragraph 151), and based on the evidence available to it in these cases, the CMA considers the number of FTE vets serving the customers of an equine animal site to be the most appropriate measure on which shares of supply can be systematically assessed:

- (a) As is the case for small animal veterinary sites, the CMA has observed significant variation between equine animal sites, both in terms of revenues and the number of FTE equine vets. The CMA considers that the use of FTE

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<sup>163</sup> IVC identified conceivable overlaps as any IVC site within the larger of 90 minutes or twice the largest site-specific Target catchment area (Annex 18.1 to the Enquiry Letter Response). The CMA considers that, in this case, this is sufficient to identify the local areas where IVC and Chiltern overlap in the provision of equine veterinary services.

<sup>164</sup> The CMA considers it appropriate to remove referral sites from the calculation of the average catchment areas for the reasons outlined at footnote 123 above. Therefore, the CMA has removed the following sites from the calculation of IVC's average catchment areas: 'Donnington Grove Vets, Newbury (Main Equine)'; 'Oakham Veterinary Hospital – Equine'; 'Pool House Equine Clinic'; and 'The Sussex Equine Hospital Ltd'.

<sup>165</sup> Figures rounded to 1 decimal place. Individual drivetimes were calculated allowing traffic and for travel departing at noon on Wednesday 14 September 2022.

vets allows for the consideration of important differences between sites of different sizes.<sup>166</sup>

- (b) There is a strong correlation between the FTE vets and revenues for IVC's and Chiltern equine's sites and those third parties that responded to the CMA's questionnaire.<sup>167</sup>
- (c) IVC submitted that '[c]onsistent with the CMA's approach to small animal [first opinion], using the number of FTE veterinarians [...] provides an indication of a site's competitive strength on the basis that the number of vets at a site will broadly reflect consumer demand for its services.<sup>168</sup> The CMA believes that the number of FTE vets at a site provides a good indication of a site's competitive strength because it captures the degree of consumer demand for that site's services, as demonstrated by its capacity to sustain the number of FTE vets, but also its capacity to compete for new customers. This may be particularly relevant during periods of capacity constraints, such as those currently being experienced in the equine veterinary industry, when a site's current number of FTE vets may limit the number of customers it can compete for.
- (d) Third-party evidence gathered by the CMA during the investigations in relation to the appropriateness of using FTE equine vets to calculate shares of supply was mixed.<sup>169</sup> In particular, one equine competitor told the CMA that the number of FTE vets is a good measure of the competitive strength of a first opinion practice, since it strongly reflects a practice's amount of work and business.<sup>170</sup> However, another equine competitor told the CMA that, while the number of FTE vets may reflect a practice's workload, it may not be a good indication of the size of its business (and its competitive strength) as the treatment of certain types of high-value horses can generate significantly more revenue than the treatment of pleasure horses.<sup>171</sup> Given the strong correlation between FTE and revenue, the CMA does not consider that giving more

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<sup>166</sup> Such differences would not be taken into account through the use of a share of shops measure or fascia count. In relation to this, the CMA notes that the use of a share of shops measure to calculate shares of supply would not have, in any event, affected the outcome of this case, as the number and identity of sites that fail the decision rule set out below are the same using FTE vets or shares of shops.

<sup>167</sup> While the CMA considers that it may also be appropriate to use revenues as a basis for shares of supply for equine animal veterinary services, it is noted that the data the CMA received from third parties on revenues is incomplete. On this basis, and as there is no reliable way to estimate third party revenues, the CMA has not considered shares of supply based on revenues.

<sup>168</sup> Response to RF13, paragraph 9.1.

<sup>169</sup> Note of a call with a third party, paragraph 19; Note of a call with a third party, paragraph 8.

<sup>170</sup> Note of a call with a third party, paragraph 19.

<sup>171</sup> Note of a call with a third party, paragraph 21. A pleasure horse is a privately kept horse maintained for pleasure or casual riding, rather than competition or work.

weight to sites treating a higher proportion of high-value horses would materially change the outcome of its local analysis.

190. IVC submitted FTE data for each of their sites. For third parties, the CMA received FTE data directly from veterinary sites for approximately 30% of the equine animal sites included in its analysis. For the third-party sites from which the CMA was unable to directly gather data, the CMA has relied on FTE estimates submitted by IVC.<sup>172</sup>
191. The CMA notes that the third-party site ‘Donnington Place Equine vets’<sup>173</sup> falls within several catchment areas and is [redacted].<sup>174</sup> In view of the [redacted] shareholding [redacted], the CMA considers there is a material possibility that ‘Donnington Place Equine vets’ may exert a more limited competitive constraint on IVC’s equine sites (and post-Merger Chiltern’s sites) than a site that has no economic links to IVC. It was not necessary, however, for the CMA to conclude on this point, as the decision rule would have been failed on any basis.
  - Adjustments for mixed sites
192. As discussed at paragraph 153, some equine animal veterinary sites also offer services to other types of animals, namely small animals and farm animals. In addition, some equine animal veterinary sites offer a mix of first opinion and referral services. The CMA considers that the total number of FTE vets for these sites may overstate their competitive strength as regards first opinion services to equine animals, given that these vets may also spend time providing referral services or services to other types of animal.
193. As with its assessment of small animal veterinary services, the CMA considers that it may be appropriate to adjust FTE figures to reflect the number of FTE vets that are involved in providing first opinion services to equine animals, rather than equine referral or first opinion care to other types of animal.
194. IVC provided a breakdown which shows the number of FTE equine animal vets that offer first opinion services at their sites supplying first opinion and referral services.

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<sup>172</sup> IVC followed the same methodology outlined at paragraph 155 to estimate the number of FTE equine vets at third party sites. As noted at paragraph 159 and 160, the data submitted by IVC excluded locums but the data gathered by the CMA directly from third parties includes locums. The CMA notes that, based on the evidence available in this case, the inclusion of IVC and Chiltern’s locums would not change the outcomes of the CMA’s local assessment.

<sup>173</sup> Donnington Place/ Hall Place Equine Veterinary Services LLP (3– 4 Dodds Corner, Stokenchurch, Buckinghamshire HP143RZ).

<sup>174</sup> Namely, the sellers to IVC of the site ‘Donnington Grove Equine vets’ who remain employed as veterinary practitioners at the practice.

These FTE figures exclude vet specialists (which are assumed to offer referral services) and have been used as the basis for the CMA's share of supply calculations.

195. For IVC's equine sites supplying services to other types of animal, IVC estimated the number of FTE equine vets by allocating the total number of FTE vets at each site in proportion to the revenues generated from the provision of veterinary services to different animal types.<sup>175</sup> IVC's methodology yields a very low FTE estimate for one of the two IVC mixed sites relevant for the CMA's assessment. As the CMA is concerned with the robustness of IVC's methodology in relation to the allocation of vets between veterinary services to different animal types for these two mixed sites, the CMA has, on a cautious basis, adjusted the number of FTE equine vets for each of these sites to reflect the number of equine vets listed on this practice's website.<sup>176</sup> IVC did not make any submissions on this point.
196. IVC has also provided estimates of the number of equine animal FTE vets that offer first opinion services at third party mixed sites.<sup>177</sup> Where relevant, and absent any data directly from third parties, these adjusted FTE figures have been used as the basis for the CMA's share of supply calculations.<sup>178</sup> As is the case with small animal, the CMA also asked third-party sites to provide data on the number of FTE vets employed, including the number of locums generally used by the site for the reasons outlined at paragraph 160.
- Other adjustments
197. As noted in paragraph 115, the CMA understands that some suppliers of equine veterinary services operate a hub-and-spoke model and may allocate a proportion of their hubs FTE vets to staff branch sites. To account for this, the CMA asked IVC and third parties to allocate FTE between the sites in which they spend their time. These adjustments are reflected in the shares of supply used within the CMA's analysis.

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<sup>175</sup> s109(2) Response, question 1.

<sup>176</sup> In particular, the CMA has revised the estimate of FTE equine vets of 'Park Veterinary Centre' and 'Wendover Heights Vets Aylesbury' to three FTE equine vets respectively.

<sup>177</sup> As for IVC's and Chiltern's sites, IVC excluded any vet specialists and adjusted the number of FTE's for sites treating other types of animal.

<sup>178</sup> As discussed at paragraph 156, while the CMA has received a breakdown of vets by animal type, it has not been able to reliably estimate the number of equine vet specialists or, relatedly, the proportion of equine vets engaged in referral (specialist) work. As such, in those instances where such third-party practices have been included in the analysis, the CMA has not made any adjustment to the FTE equine vets data on the basis of time spent by equine vets on referral work and considers it possible that their competitive constraint may be somewhat overstated.

198. For the reasons outlined at paragraph 158, the CMA also considers that it may be appropriate to adjust the FTE vet numbers of hub and spoke sites to reflect the proportion of FTE vets at the hub engaged in treating patients being sent from branch practices. However, the evidence available to the CMA did not indicate that such adjustments would make a meaningful difference to the outcome of the CMA's competitive assessment in this case.<sup>179</sup>

### *Threshold*

199. In accordance with its approach to assessing unilateral effects in small animal veterinary services, and for the reasons set out at paragraph 163 above, the CMA believes that for first opinion equine animal veterinary services, a threshold of a 30% combined share calculated on the basis of practices' FTE vets data is appropriate for the identification of areas in which there is a realistic prospect of an SLC in this case.

200. The CMA has not seen any evidence that would support a higher threshold and considers the reasons outlined at paragraph 164 to apply for equine animal veterinary services.<sup>180</sup> In particular, the CMA considers there are limited out-of-market constraints with respect to the provision of first opinion equine animal veterinary services.

201. As noted at paragraph 165, in other cases, the CMA identified areas where the merger may give rise to competition concerns by identifying areas exceeding both a combined share threshold and an increment threshold of 5%. The CMA notes that, in this case, the Chiltern Merger gives rise to an increment greater than 5% in all areas where IVC's and Chiltern's combined share exceeds 30%. As such, the CMA considers that it is not necessary to conclude on whether an incremental threshold of 5% would be appropriate in this case and in respect of equine animal veterinary services.

### *Outcome of local analysis*

202. Based on the evidence available to it in this case, the CMA estimates that IVC and Chiltern have a combined share of the supply of first opinion equine animal veterinary services above 30% in the local catchment areas set out in Table 3 below.

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<sup>179</sup> It is noted that the CMA has been unable to reliably identify the extent to which there are third-party competitor hub or spoke practices located within each catchment area.

<sup>180</sup> In particular, the CMA notes that IVC made no submissions on this point.

**Table 3: Combined shares of supply in first opinion equine veterinary services**

Centroid site name	Centroid site type	Range of combined share (by FTE vets)
Chiltern Equine Clinic - Blueberry Farm	Chiltern Equine	[50-60]%
Chiltern Equine Clinic – Model Farm	Chiltern Equine	[30-40]%
Chiltern Equine Clinic – Widmer Farm	Chiltern Equine	[40-50]%
Wendover Heights Vets Aylesbury	IVC	[30-40]%

Source: CMA analysis

203. A full and detailed list of the sites that raise competition concerns is included in **Annex B**.

***Conclusion on horizontal unilateral effects in the supply of first opinion equine veterinary services***

204. For the reasons set out above, the CMA believes that there is a realistic prospect of an SLC arising in the 4 catchment areas listed in Table 3 as a result of horizontal unilateral effects in the supply of first opinion equine animal veterinary services.

**Horizontal unilateral effects in the supply of small animal OOH services**

205. Given that competition between small animal OOH veterinary practices, including those operated by IVC, Swaffham and Swayne, takes place at the local level, the CMA has carried out a local area analysis to identify specific areas where the Mergers give rise to a realistic prospect of an SLC.

206. The CMA notes that in past cases in the veterinary sector the CMA has not assessed competition in the provision of small animal OOH services. As this is the first time the CMA has assessed OOH services, and due to the limited data available, the CMA has adopted a cautious approach in its assessment.<sup>181</sup> For these reasons, while it may be appropriate to use a decision rule approach also in relation to the provision of small animal OOH services (particularly when more reliable share of supply data is available), this approach has not been adopted in the present cases.

207. The CMA followed a number of steps in carrying out the local competitive assessments, in particular:

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<sup>181</sup> There were difficulties in obtaining sufficient data to identify the appropriate catchment area for the provision of small animal OOH services. In particular, it is noted that IVC were unable to separately identify the OOH customers of a site from its standard hours customers. As a result, it has not been possible to calculate catchment areas (such as the 80<sup>th</sup> percentile drivetime catchment areas described at paragraph 144) on an OOH only basis.



- (a) an assessment of the nature of competition for small animal OOH services;
- (b) the identification of overlaps and the delineation of catchment areas for specific sites;
- (c) the calculation of shares of supply within the relevant catchment areas;
- (d) filtering to exclude from further analysis the overlap sites/areas where there is no realistic prospect of competition concerns arising; and
- (e) a local competitive assessment of sites/areas which fail these filters.

### ***Competition between suppliers of small animal OOH services***

208. As set out in the Frame of Reference section, the RCVS Code of Conduct requires all small animal veterinary sites to take steps to provide OOH care to their customers. Additionally, the Code of Conduct requires small animal veterinary practices to provide OOH care to the customers of other practices (ie non-registered customers) in certain specified circumstances.<sup>182, 183</sup>
209. Small animal veterinary sites can outsource their OOH care obligations to another provider, including to providers which exclusively offer veterinary care on an OOH basis (such as IVC's Vets Now sites). The CMA understands that a number of suppliers choose to outsource their OOH obligations for the reasons set out at paragraph 124 in the frame of reference section above. As a result, there are generally fewer suppliers of small animal OOH services as compared to suppliers of standard small animal veterinary services in a given local area.
210. Given the differences the CMA has observed in the small animal OOH services offered by different suppliers (see frame of reference section above), the CMA has considered the extent and nature of competition in the supply of small animal OOH services, including in the local areas where IVC and Swayne/Swaffham overlap.

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<sup>182</sup> Namely, the Code of Conduct's supporting guidance notes that a veterinary surgeon on duty should not unreasonably refuse to provide first aid and pain relief if the animal's owner does not have a usual veterinary surgeon or practice (eg holidaymakers or new owners) or where the owner cannot contact their usual practice (or the circumstances are exceptional and the condition of the animal is such that it should be seen immediately). See: [24-hour emergency first aid and pain relief - Professionals \(rcvs.org.uk\)](https://www.rcvs.org.uk/24-hour-emergency-first-aid-and-pain-relief-for-professionals).

<sup>183</sup> The CMA also notes that there is no legal requirement for owners to register their animals with a veterinary practice.

### *IVC's submissions*

211. As noted at paragraph 125 above, IVC submitted that, in general, sites supplying OOH services primarily compete based on location, as well as to provide high quality services, low wait times and competitive prices.
212. However, with specific regard to the Swaffham Merger, IVC submitted that IVC's Summerhill Veterinary Centre (Norfolk) (**Summerhill**) and Swaffham do not compete in respect of small animal OOH veterinary services.<sup>184</sup> This is because Swaffham and Summerhill:
- (a) [redacted];
  - (b) [redacted];
  - (c) [redacted]; and
  - (d) only made OOH services available to existing customers registered with the standard hours first opinion site [redacted].<sup>185</sup>
213. IVC supported these submissions by providing notes [redacted].<sup>186</sup>

### *CMA's assessment*

214. The CMA notes that, as submitted by IVC, some customers choose small animal OOH veterinary services directly rather than relying on their standard hours practice, and therefore may make a choice between different suppliers in a local area.<sup>187</sup>
215. When assessing whether a merger gives rise to competition concerns, the CMA is required to consider whether there are aspects of price, quality, range and service (**PQRS**) that the merging parties compete on that are important to customers (and that the merged entity would be able to deteriorate to the detriment of customers).<sup>188</sup> The CMA is, in this regard, not required to consider whether the merging parties compete on all aspects of PQRS (and competition concerns can still arise where at least some customers do not, in practice, regard the merging parties' respective offerings as competitive alternatives).

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<sup>184</sup> IVC's submission to the CMA dated 19 December 2022; IVC's response to the Issues Letter, pages 49 and 50.

<sup>185</sup> IVC's submission to the CMA dated 19 December 2022; IVC's response to the Issues Letter, pages 47-52.

<sup>186</sup> IVC's response to the Issues Letter, slide 51 and appendix 14.

<sup>187</sup> See the Frame of Reference section above and Response to RF11, paragraph 19.1.

<sup>188</sup> See: [JD Sports Fashion plc v Competition and Markets Authority](#) [2020] CAT 24, paragraph 99.

216. The CMA considers that the available evidence in relation to competition between providers of OOH services indicates that the Parties do compete on aspects of PQRS that are important to customers and therefore that the loss of competition between them (subject to the constraint posed by alternative suppliers and countervailing constraints) is, in principle, capable of being substantial for the purposes of the Act.
217. In particular, the evidence available to the CMA indicates that, in the counterfactual, both Swaffham and Summerhill would offer OOH services to customers and therefore, absent evidence to the contrary, would be considered to have an incentive to compete for these customers.<sup>189</sup> The CMA considers that the evidence that IVC has submitted in relation to the activities of Swaffham and Summerhill does not establish that these practices do not compete (or do not compete on aspects of PQRS that are important to customers) for non-registered OOH customers. The CMA therefore considers that this loss of competition between the Parties is capable of resulting in IVC's competitive incentives becoming meaningfully dulled, creating an incentive to deteriorate aspects of PQRS in the supply of OOH services at these locations.
218. In relation to Swaffham, the evidence provided by IVC, as described in paragraph 206 above, is not sufficient to establish Swaffham does not compete for OOH customers. In particular, this email relates to a meeting conducted nearly six months after the completion of the Merger (and therefore would, like any evidence in internal documents created after a merger is in contemplation, typically be given more limited weight within the CMA's assessment).<sup>190</sup> In addition, the email also states that Swaffham's vets would '[redacted]', so cannot, in isolation, be considered as definitive evidence of a particular course of conduct in any case. IVC explained that subsequent conversations [redacted], and resulted in Swaffham fully outsourcing its OOH service to the IVC Mill House site (as described in the counterfactual section above). This email therefore provides only very limited insight into Swaffham's commercial strategy in this regard.
219. Moreover, the CMA considers that the views expressed in the email may also not be representative of Swaffham's pre-Merger policy relating to OOH services (eg because Swaffham may have had a stronger incentive to provide OOH services to registered and non-registered clients when it was not part of the wider IVC network).

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<sup>189</sup> Consistent with this, the CMA notes that [redacted] of Vets Now's revenues [redacted], with customers accessing the service directly (Annex 18.1 to the Enquiry Letter Response).

<sup>190</sup> [CMA129](#), paragraph 2.29(a).

In this regard, the CMA notes that the [§<], which is consistent with Swaffham having the incentive to compete for these customers pre-Merger.

220. Moreover, even if Swaffham and Summerhill only provided OOH services to existing registered customers, the CMA considers that Swaffham and Summerhill would still compete in the provision of OOH services. The commercial strategies of different suppliers may vary, with some suppliers focussing on offering an OOH service to their registered standard hours customers. Ultimately, however, for the reasons set out above, the CMA considers that competition does take place between different OOH services for customers outside of the competition that takes place for standard hours small animals vet services. On this basis, the alternative approaches to offering OOH services should be considered as part of the process of rivalry between suppliers in the provision of OOH services (ie in suppliers seeking to attract and retain customers through their preferred commercial strategies).<sup>191</sup>

#### *Conclusion on competition between suppliers of small animal OOH services*

221. Therefore, the CMA considers that there is meaningful competitive interaction between suppliers of small animal OOH services, including between IVC's Summerhill site and Swaffham.

#### ***Identifying overlaps and delineation of catchment areas***

222. As discussed above, the CMA has delineated the catchment areas for standard small animal and first opinion equine animal veterinary services for specific sites with reference to average 80th percentile drivetime catchment areas. While the CMA considers that a similar approach may be appropriate in the case of OOH veterinary services, it has not been possible for IVC to provide specific data on drivetime catchment areas in relation to the provision of OOH services.
223. IVC submitted that the geographic area for small animal OOH services is generally considered to be within a 45-minute drivetime of the provider (although no underlying evidence was provided to support this position).<sup>192</sup>
224. The CMA requested the 80th percentile drivetimes for two nearby Vets Now sites which exclusively offer OOH veterinary services.<sup>193</sup> The CMA considers that, absent

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<sup>191</sup> For example, price increases or deteriorations in the non-price aspects of a supplier's OOH service (eg a negative experience) may cause some customers to register with a different first opinion practice (with a more competitive OOH service).

<sup>192</sup> The CMA notes that IVC identified relevant overlapping IVC sites with reference to a 45-minute catchment area (see Annex 18.1 to the Enquiry Letter Response, paragraph 2.13).

<sup>193</sup> Namely the Ipswich and Colchester Vets Now sites. These sites do not fall within the local areas considered as part of the CMA's analysis. See s109(3) Response, question 3.

other evidence, the midpoint of the individual catchment areas for these two Vets Now sites (33 minutes) may be a reasonable proxy for the definition of the local catchment areas for the IVC, Swayne and Swaffham sites.

225. The CMA notes that for the IVC site 'Mill House Veterinary Surgery & Hospital' and the Swayne site 'Swayne & Partners Bury St. Edmunds', a 33 minute drivetime is shorter than the individual drivetime catchment area of each site as described at paragraph 144 in relation to the provision of standard small animal veterinary services. The CMA considers that in such instances it is reasonable to instead, on a cautious basis, apply the individual catchment area of each site to define the relevant local area. However, using the individual catchment area does not make a material difference to the local area analysis, as for each site the share of shops at a 33-minute catchment area is identical to the share of shops calculated with reference to each site's individual catchment area.
226. Given the uncertainty surrounding the appropriate catchment areas, on a cautious basis, the CMA has calculated overlaps between IVC and Swaffham/Swayne with reference to both a 45- and 33-minute drivetime.
227. On the basis of the catchment areas identified above, the Swaffham Merger and Swayne Merger give rise to overlaps with IVC in the provision of small animal OOH services in five local areas.<sup>194</sup>

### ***Calculation of shares of supply***

228. The CMA has considered which available measure of share most reliably captures the strength of the competitive constraint imposed by each supplier in the provision of small animal OOH veterinary services within each relevant catchment area.
229. It has not been possible to calculate shares of supply based on revenues given a lack of available data from IVC.<sup>195</sup> When considering whether to calculate shares based on FTE vets, IVC submitted that most OOH services, [X], will be staffed by [X].<sup>196</sup> This is in line with third-party evidence seen by the CMA, which indicates that small animal OOH services are typically staffed by one vet.<sup>197</sup> In view of this, the CMA considers a share of shops measure to be the most appropriate basis for the

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<sup>194</sup> Namely, in the local areas centred on Swaffham's only site 'Swaffham Veterinary Centre', the Swayne site 'Swayne & Partners Bury St. Edmunds', and the IVC sites 'Summerhill Veterinary Centre (Norfolk)', and 'Hawkedon and Homefield Vets Ltd – Hawkedon'.

<sup>195</sup> In particular, the CMA notes that IVC were unable to provide revenue data separately for standard hours and OOH care. IVC's response to s109(2), question 1.

<sup>196</sup> Annex 18.1 to the Enquiry Letter Response, paragraphs 3.3–3.4.

<sup>197</sup> The CMA notes that the vast majority of respondents to the CMA's competitor questionnaire told the CMA that only one vet staffs their OOH service. Third Party responses to the CMA's questionnaire, question 8.

estimation of shares of supply, particularly as it also likely reflects the number of vets staffing each OOH service.<sup>198</sup>

230. Nevertheless, the CMA notes that a share of shops measure affords equal weight to each individual site in the effective competitor set within each local area. As a result, these shares may not capture potential differences in the competitive strength of suppliers and may be an imprecise measure of concentration if the competitive constraint imposed by different sites in a local area varies significantly. For example, using a share of shops measure may understate the competitive strength of certain OOH service providers that offer a greater level of service (eg a fully staffed veterinary hospital offering 24-hour care). This has been considered further in the competitive assessment below.

### ***Filtering***

231. After identifying the relevant overlaps, the CMA applied filters to remove from further consideration areas in which the Swaffham Merger and Swayne Merger do not raise competition concerns. In line with the approach for standard small animal and first opinion equine animal veterinary services, the CMA considers that competition concerns can be excluded in areas where the Parties would have a combined share of less than 30% across all the catchment areas identified above.<sup>199</sup> The CMA notes that IVC made no submissions on this approach.
232. Based on its filtering analysis, the CMA found that competition concerns can be excluded in the local area centred on the IVC site 'Mill House Veterinary Surgery & Hospital'. The remaining four local areas within which IVC and Swayne/Swaffham overlap do not pass the filter and have therefore been considered in more detail in the competitive assessment below.

### ***Local assessment of the four sites failing the filter***

233. The CMA assessed the likelihood of the Mergers resulting in horizontal unilateral effects in each of the areas around the four sites that required a more detailed competitive assessment by reference to shares of supply, closeness of competition and competitive constraints.

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<sup>198</sup> See, for example, [CMA62](#), paragraph 3.24.

<sup>199</sup> Where possible, the CMA has excluded from the analysis sites that fulfil their OOH obligation by outsourcing to another OOH provider.

### Shares of supply

234. Based on the evidence available to the CMA the CMA estimates that IVC and Swayne/Swaffham have a combined share of the supply of OOH veterinary services above 30% in the local catchment areas set out in Table 4 below.

**Table 4: Combined shares of supply in small animal OOH services<sup>200</sup>**

Underlying Target	Centroid site name	Centroid site type	Share of shops (33 mins)	Share of shops (45 mins)
Swaffham	Swaffham Veterinary Centre	Swaffham	[40-50]%	[20-30]%
Swaffham	Summerhill Veterinary Centre (Norfolk)	IVC	[30-40]%	[30-40]%
Swayne	Swayne & Partners Bury St. Edmunds	Swayne	[30-40]%	[20-30]%
Swayne	Hawkedon and Homefield Vets Ltd - Hawkedon	IVC	[60-70]%	[40-50]%

Source: CMA analysis.

Note: IVC submitted for each local area the names and contact details of third party suppliers of small animal OOH services. Using this as a starting point, the CMA has removed from its shares of shops calculations third party sites that informed the CMA that they no longer operate an OOH service from those sites. For Swayne & Partners Bury St. Edmunds the Parties' share of shops at a 33 minute catchment area coincides with the share of shops calculated with reference to the site's individual catchment area of 39 minutes.

235. The CMA considers that IVC and Swayne/Swaffham have a significant presence in the provision of small animal OOH services in each of the local areas in Table 4, with high shares of supply in at least one of the two catchment areas considered for each centroid site. The Merger increment exceeds 5% in each area. More specifically, in the area centred on 'Swaffham Veterinary Centre', the combined share of supply of IVC and Swaffham is greater than [40-50]% (with an increment of [10-20]%) with reference to a 33-minute catchment area. In the area centred on 'Hawkedon and Homefield Vets Ltd - Hawkedon', the combined share of supply of IVC and Swayne is greater than [60-70]% (with an increment of [10-20]%) with reference to a 33-minute catchment area.

### Closeness of competition

236. The CMA notes that IVC did not make submissions on what factors should be considered in assessing any loss of competition between IVC and Swayne/Swaffham in the supply of OOH services.

237. In view of IVC's submissions discussed at paragraph 212, the CMA considered whether sites offering a basic OOH service primarily to their registered customers may represent weaker competitors in the provision of OOH services than sites

<sup>200</sup> The CMA notes that it was unable to verify the extent to which a number of the third-party veterinary practices (identified by IVC) supply small animal OOH veterinary services. In particular, the CMA's preliminary research indicated that a number of third-party sites falling within the catchment areas in Table 4 (which did not respond to the CMA's questionnaire) may redirect at least a proportion of their potential OOH customers to another site (located outside of the relevant catchment areas). On this basis, the CMA considers it is possible that the shares presented in Table 4 to be conservative such that they may understate the presence of IVC and Swayne/Swaffham in each local area.

actively targeting OOH customers (eg dedicated OOH suppliers) or offering a higher level of service (eg a hospital offering 24-hour care onsite).

238. While, on the one hand, there may be a basis to consider sites with a dedicated or enhanced OOH service to be stronger competitors, on the other, first opinion sites providing an OOH service with their first opinion vets on a rota may have a competitive advantage because their registered customers value being seen by their regular vet in an emergency.<sup>201</sup> The CMA has, however, not seen sufficient evidence to conclude on this point (and notes also that IVC has not made any submissions in this regard).
239. In any event, the CMA does not consider that any differences in the level of service or customer focus of suppliers of small animal OOH services within these local areas would make a material difference to the outcome of its competitive assessment, in particular because:
- (a) The overlapping IVC site 'Hawkedon and Homefield Vets Ltd' and the Swayne site 'Swayne & Partners Bury St. Edmunds' both appear to offer an enhanced OOH service and, based on FTE data, are among the largest veterinary practices in the local areas centred on each respectively.<sup>202</sup> Additionally, the CMA notes that 'Swayne & Partners Bury St. Edmunds' is a hub site and also offers OOH services on a B2B basis.
  - (b) Even if Swaffham or Summerhill were to represent weaker competitors in the provision of OOH services, because they focus on the supply of OOH service to their registered customers, each of their respective local areas includes the IVC site 'Mill House Veterinary Surgery & Hospital,' which is a large veterinary hospital with enhanced OOH services.<sup>203</sup> The CMA therefore considers that, in these circumstances, taking account of the differences in service levels would

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<sup>201</sup> For example, the IVC site Hawkedon and Homefield vets (see Table 4) notes on its website that 'We do not contract our out of hours service to anyone else – you come to your own familiar practice and are seen by our own staff.' See: [Veterinary Services | Local Vets in Suffolk - Hawkedon & Homefield \(hawkedonvets.co.uk\)](http://www.hawkedonvets.co.uk)

<sup>202</sup> In particular, the CMA notes that Hawkedon and Homefield Vets advertises on its website that it provides a 'medical and surgical service for pets and farm animals 24 hours a day 365 days year' including 'emergency surgery' ([Veterinary Services | Local Vets in Suffolk - Hawkedon & Homefield \(hawkedonvets.co.uk\)](http://www.hawkedonvets.co.uk)). Additionally, the CMA notes that the Swayne site 'Swayne & Partners Bury St. Edmunds' advertises its 24 hour emergency service, late opening hours for routine appointments (until 10:00pm) and that it will see emergencies up until 10:00pm with no out of hours fee ([About us | Local Vets in Suffolk - Swayne & Partners Veterinary Surgeons \(swayneandpartners.co.uk\)](http://www.swayneandpartners.co.uk)).

<sup>203</sup> Additionally, the local area centred on Summerhill includes the IVC hospital 'Taverham Veterinary Practice' which has a large number of FTE vets, offers OOH services on a B2B basis, has dedicated on-site OOH vet, and advertises its 'extensive array of specialist equipment to facilitate emergency treatments' (see: [Emergency vets | Local Vets in Taverham, Costessey & Aylsham - Taverham Vets](http://www.taverhamvets.co.uk)).



be unlikely to impact our assessment of the competitive effects brought about by the Swaffham Merger.

240. Therefore, for the purposes of competition assessment in these cases, the CMA considers that IVC and Swayne/Swaffham compete at least as closely with each other as they do with other suppliers of small animal OOH services located within the relevant catchment areas.

#### *Alternative suppliers*

241. As noted in paragraph 239 above, the CMA was not able to obtain sufficient evidence during its Phase 1 investigation to conclude on whether the nature of the OOH service provided by a practice may mean that it exerts a more limited constraint.
242. As a starting position, therefore, the CMA considers that each competitor site provides a similar level of constraint on IVC and Swaffham/Swayne. At the same time, in each local area, a number of competitors are small veterinary practices with a low number of FTE standard hours vets relative to the sites of IVC and Swayne/Swaffham. For example, with the exception of one third party, Swaffham and the relevant IVC sites have a larger number of standard hours FTE vets in the local area centred on Swaffham: three third parties in the 33-minute catchment have less than [redacted] the FTE of Swaffham (and each of the IVC sites), with one of those sites having less than [redacted] FTE. Further, the CMA notes that in the areas centred on 'Hawkedon and Homefield Vets Ltd' and 'Swayne & Partners Bury St. Edmunds' one third party is a small home visit-only vet practice with an OOH service.<sup>204</sup> Therefore, the CMA considers that such third parties are unlikely to be stronger competitors than the relevant IVC and Swayne/Swaffham sites in each local area.
243. Additionally, IVC has not submitted, and the CMA has not seen, specific evidence indicating that particular third-party sites present in the catchment areas are likely to be stronger competitors when compared to the relevant IVC and Swayne/Swaffham sites.
244. On this basis, the CMA considers that the shares of supply of IVC and Swayne/Swaffham, as set out in Table 4, reflect the limited presence of third parties in each of the local areas. Absent evidence that certain third-party suppliers may represent stronger constraints on IVC and Swayne/Swaffham, the CMA does not consider that the remaining competitors in each local area will exert a sufficient

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<sup>204</sup> See: [VetVisit - House Visits, Emergency Vet, Mobile Vet](#).

constraint on IVC and Swayne/Swaffham, post-Mergers to prevent a realistic prospect of an SLC arising.

## **Conclusion**

245. As set out above, the CMA considers that in each local area failing the filter IVC and Swayne/Swaffham have high combined shares of supply (on a share of shops basis) within at least one of the two catchment areas considered by the CMA. The CMA believes these shares also show the limited presence of third-party suppliers in each area.
246. While the CMA's shares analysis does not capture differences in the level of service or customer focus of suppliers, the CMA considers that accounting for such differences would not affect the outcome of its competitive assessment. In particular, IVC and Swayne/Swaffham appear to offer a high level of service and have a larger number of FTE vets than many third parties in each local area (and therefore are likely stronger competitors relative to several third parties in each local area).
247. On this basis, the CMA believes that there is a realistic prospect of an SLC arising as a result of horizontal unilateral effects in relation to small animal OOH services in the local areas centred on 'Swaffham Veterinary Centre', 'Summerhill Veterinary Centre (Norfolk)', 'Swayne & Partners Bury St. Edmunds', and 'Hawkedon and Homefield Vets Ltd – Hawkedon'. A full and detailed list of the sites that raise competition concerns is included in **Annex C**.

## **BARRIERS TO ENTRY AND EXPANSION**

248. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.<sup>205</sup> In terms of timeliness, the CMA's guidelines indicate that the CMA will look for entry to occur within two years.<sup>206</sup>
249. IVC submitted it agrees with the CMA's conclusions in *VetPartners/Goddard*<sup>207</sup> and *CVS/The Vet*<sup>208</sup> that the general shortage of vets, exacerbated by Brexit and the

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<sup>205</sup> [CMA129](#), from paragraph 8.40.

<sup>206</sup> [CMA129](#), paragraph 8.31–8.33.

<sup>207</sup> [VetPartners/Goddard](#), paragraph 177.

<sup>208</sup> [CVS/The Vet](#), paragraphs 166–168.

COVID-19 pandemic, presents a barrier to entry and/or expansion of veterinary practices. IVC also pointed to the closure of some of its own sites as evidence of this.<sup>209</sup> However, IVC submitted that it did not agree with the CMA's suggestion in *CVS/The Vet* that access to capital may act as a barrier to new entrants.<sup>210</sup> Instead, IVC submitted that, unless seeking to open a national chain of practices, lack of access to capital is unlikely to be a significant barrier to entry. In IVC's view, opening a practice in an area with a low number of FTE vets could in fact capture a significant proportion of the local share of supply.<sup>211</sup> In relation to equine and small animal veterinary services, IVC provided the CMA with some evidence of new entrants within the last five years in or around the local areas of the Anglesey, Penrose, Chiltern, Mercer, Swayne and Treforest transactions.<sup>212</sup>

250. IVC acknowledged that the above barriers to entry are likely to be higher in relation to small animal OOH veterinary services, due to the antisocial hours involved, higher associated wages, and the increased investment required to recruit and retain staff.<sup>213</sup>
251. Evidence received by the CMA in the course of its investigations consistently shows that the shortage of vets described above constitutes a real challenge for the operation (and/or expansion) of veterinary businesses in the UK.<sup>214</sup> This evidence also indicates that the recruitment and retention of vets can be even more difficult for equine practices (which typically operate in rural areas, often require vets to travel to the clients' premises, and require vets to work antisocial hours) or practices offering an OOH service (for the reasons set out in the paragraph immediately above).<sup>215</sup>
252. In the absence of additional area-specific evidence on likely entry or expansion by other players in the local areas concerned by the Mergers, the CMA does not believe that the examples of past entry provided by IVC are sufficient to indicate that any future entry or expansion will be timely, likely and sufficient to prevent the loss of competition brought about by the Mergers in the relevant local areas where an SLC has been identified (as per paragraphs 172, 204, and 247 above).

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<sup>209</sup> Enquiry Letter Response, paragraph 33.1.

<sup>210</sup> [CVS/The Vet](#), paragraph 169.

<sup>211</sup> Enquiry Letter Response, paragraph 33.2.

<sup>212</sup> Annex 34.1 to the Enquiry Letter Response.

<sup>213</sup> Enquiry Letter Response, paragraph 33.4.

<sup>214</sup> Note of a call with a third party, November 2022, paragraph 12; Note of a call with a third party, November 2022, paragraphs 25–26.

<sup>215</sup> As also evidenced by IVC's submissions in relation to the OOH derogation request dated 11 November 2022. IVC explained that, due to [redacted] constraints, there was a [redacted] at Swaffham if additional OOH support could not be provided [redacted].

253. On this basis, the CMA does not believe that entry or expansion will be timely, likely or sufficient to mitigate any SLC(s) arising in relation to any or all of the Mergers.

## **CONCLUSION ON SUBSTANTIAL LESSENING OF COMPETITION**

254. Based on the evidence set out above, the CMA believes that it is or may be the case that:

- (a) Each of IVC's acquisitions Penrose, Pet Care, Swayne, Treforest, Mercer & Hughes, and Anglesey has resulted, or may be expected to result, in an SLC in the local areas set out in Table 2 above as a result of unilateral effects in the supply of standard small animal veterinary services.
- (b) IVC's acquisition of Chiltern has resulted, or may be expected to result, in an SLC in the local areas set out in Table 3 above as a result of unilateral effects in the supply of equine veterinary services.
- (c) Each of IVC's acquisitions of Swayne and Swaffham has resulted, or may be expected to result, in an SLC in the local areas set out in Table 4 above as a result of unilateral effects in the supply of small animal OOH services.

## DECISIONS

255. Consequently, the CMA believes that it is or may be the case, in relation to each of the Mergers, (i) a relevant merger situation has been created; and (iii) the creation of that situation has resulted, or may be expected to result, in an SLC within a market or markets in the United Kingdom.
256. The CMA therefore believes that it is under a duty to refer under section 22(1) of the Act. However, the duty to refer is not exercised whilst the CMA is considering whether to accept undertakings under section 73 of the Act instead of making such a reference.<sup>216</sup> IVC has until Friday 24 February 2023<sup>217</sup> to offer undertakings to the CMA.<sup>218</sup> In relation to each Merger, the CMA will refer the Merger for a phase 2 investigation<sup>219</sup> if IVC does not offer undertakings by this date; if IVC indicates before this date that it does not wish to offer undertakings; or if the CMA decides<sup>220</sup> by Friday 3 March 2023 that there are no reasonable grounds for believing that it might accept the undertakings offered by IVC, or a modified version of it.

257. The statutory four-month period mentioned in section 24 of the Act in which the CMA must reach a decision on reference in this case expires, for each of the Mergers, on 23 February 2023. For the avoidance of doubt, the CMA hereby gives IVC notice pursuant to section 25(4) of the Act that it is extending the four-month period mentioned in section 24 of the Act for each of the Mergers. These extensions come into force on the date of receipt of this notice by IVC and will end with the earliest of the following events (in relation to each of the Mergers): the giving of the undertakings concerned; the expiry of the period of 10 working days beginning with the first day after the receipt by the CMA of a notice from IVC stating that it does not intend to give the undertakings; or the cancellation by the CMA of the extension.

**Colin Raftery**  
**Senior Director, Mergers**  
**Competition and Markets Authority**  
**17 February 2023**

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<sup>216</sup> Section 22(3)(b) of the Act.

<sup>217</sup> Section 73A(1) of the Act.

<sup>218</sup> Section 73(2) of the Act.

<sup>219</sup> Sections 22(1) and 34ZA(2) of the Act.

<sup>220</sup> Section 73A(2) of the Act.

## ANNEX A: LIST OF PARTIES' STANDARD HOURS SMALL ANIMAL SLC SITES

Underlying target	Centroid site type	Centroid site name (address)	Range of combined share (by FTE vets)	Increment (by FTE vets)	Target site(s) in catchment area*
Anglesey	IVC	Aran Vet Clinic (Aran Veterinary Clinic, Llangefni, Anglesey LL777XA)	[40-50]%	[0-5]%	Anglesey Pet Clinic
Mercer and Hughes	Mercer and Hughes	Mercer & Hughes Stansted (80 Cambridge Road, Stansted, Essex CM248DA)	[30-40]%	[10-20]%	Mercer and Hughes Great Dunmow
Mercer and Hughes	Mercer and Hughes	Mercer and Hughes Bocking Braintree (175-179 Church Lane, Braintree, Essex CM75SG)	[30-40]%	[0-5]%	
Mercer and Hughes	IVC	Apollo Vets Black Notley (45 Witham Road, Braintree, Essex CM778LQ)	[40-50]%	[5-10]%	Mercer and Hughes Great Dunmow Mercer and Hughes Bocking Braintree
Mercer and Hughes	IVC	Spring Lodge Veterinary Centre (The Green, Braintree, Essex CM777US)	[40-50]%	[5-10]%	Mercer and Hughes Great Dunmow Mercer and Hughes Bocking Braintree
Mercer and Hughes	IVC	Walton Lodge Veterinary Group Ltd (Unit 10, Bishop's Stortford, Hertfordshire CM233DP)	[30-40]%	[10-20]%	Mercer and Hughes Stansted
Penrose	Penrose	Penrose Veterinary Group Ltd (70 Brinkley Lane, Colchester, Essex CO49XE)	[30-40]%	[10-20]%	
Pet Care	Petcare	Pet Care Veterinary Surgery (355 Bexley Road, Erith, Kent DA83EZ)	[50-60]%	[5-10]%	
Pet Care	IVC	Oval Pet Centre Welling (7-9 Bellegrove Parade, Welling, Kent DA162RE)	[60-70]%	[5-10]%	Pet Care Veterinary Surgery
Pet Care	IVC	Oval Pet Centre Ltd Sidcup (19 The Oval, Sidcup, Kent DA159ER)	[40-50]%	[0-5]%	Pet Care Veterinary Surgery
Pet Care	IVC	Parkvets Veterinary Clinic Belvedere (19 Picardy Street, Belvedere, Kent DA175QQ)	[30-40]%	[10-20]%	Pet Care Veterinary Surgery
Pet Care	IVC	Easipetcare Ltd Dartford (2 Kent Road, Dartford, Kent DA12DA)	[30-40]%†	[5-10]%†	Pet Care Veterinary Surgery
Swayne	Swayne	Swayne & Partners Limited (Little St. Marys, Sudbury, Suffolk CO109HY)	[60-70]%	[10-20]%	
Swayne	Swayne	Swayne & Partners Limited (Sidney House, Bury St. Edmunds, Suffolk IP333SP)	[30-40]%	[10-20]%	Swayne & Partners Newmarket
Swayne	Swayne	Swayne & Partners Limited (84 Hamlet Road, Haverhill, Suffolk CB98QQ)	[30-40]%	[5-10]%	
Swayne	IVC	Catley Cross Veterinary Clinic Limited (Catley Cross Stables, Halstead, Essex CO92PE)	[70-80]%	[10-20]%	Swayne & Partners Sudbury Mercer and Hughes Bocking Braintree
Swayne	IVC	Mulberry Court Veterinary Surgery (171-173 Melford Road, Sudbury, Suffolk CO101JU)	[60-70]%	[10-20]%	Swayne & Partners Sudbury

Swayne	IVC	Mulberry Vets, Henny (Gentrys, Sudbury, Suffolk CO107NG)	[60-70]%	[10-20]%	Swayne & Partners Sudbury
Swayne	IVC	Haughley Veterinary Centre (Thurston Veterinary Centre, Bury St. Edmunds, Suffolk IP313PD)	[40-50]%	[20-30]%	Swayne & Partners Bury St. Edmunds
Swayne	IVC	Hawkedon and Homefield Vets (Homefield Road Veterinary Practice, Haverhill, Suffolk CB98QP)	[30-40]%	[10-20]%	Swayne & Partners Haverhill
Swayne	IVC	Hawkedon and Homefield Vets Ltd - Hawkedon (Hawkedon Veterinary Surgery, Bury St. Edmunds, Suffolk IP294NP)	[50-60]%‡	[10-20]%‡	Swayne & Partners Sudbury Swayne & Partners Bury St. Edmunds
Treforest	Treforest	Tonypandy Veterinary Clinic (2-3 De Winton Street, Rhona Cynon Taff, Mid Glamorgan CF402QZ)	[60-70]%^§	[5-10]%	
Treforest	IVC	South Wales Vets, Tonypandy (Unit 8 & 9, Tonypandy, Mid Glamorgan CF401AN)	[60-70]%^§	[5-10]%	Tonypandy Veterinary Clinic

Source: CMA analysis.

\*Excluding centroid site.

† Includes the locums for the centroid site (see paragraph 162).

‡ Based on a local area defined by the site's individual drivetime catchment area (see paragraph 150).

§ Each of these catchment areas include the third party site 'Oxford House Veterinary Clinic' which was founded in August 2022 by the former sole vet of the now closed IVC Tonypandy site.

## ANNEX B: LIST OF PARTIES' EQUINE ANIMAL SLC SITES

Centroid site type	Centroid site name (address)	Range of combined share (by FTE vets)	Increment (by FTE vets)	Target site(s) in catchment area*
Chiltern Equine	Chiltern Equine Clinic (Blueberry Farm, Warfield, Berkshire RG426JL)	[50-60]%	[10-20]%	Chiltern Equine Clinic - Model Farm Chiltern Equine Clinic - Widmer Farm
Chiltern Equine	Chiltern Equine Clinic (Model Farm, Chalfont St Giles, Buckinghamshire HP84AB)	[30-40]%	[10-20]%	Chiltern Equine Clinic - Widmer Farm Chiltern Equine Clinic - Blueberry Farm Chiltern Equine Clinic - Bury Farm
Chiltern Equine	Chiltern Equine Clinic (Widmer Farm, Princes Risborough, Buckinghamshire HP270PG)	[40-50]%	[10-20]%	Chiltern Equine Clinic – Model Farm Chiltern Equine Clinic - Bury Farm Chiltern Equine Clinic – Blueberry Farm
IVC	Wendover Heights Vets, Halton (main) (1 Tring Road, Aylesbury, Buckinghamshire HP225PN)	[30-40]%	[10-20]%	Chiltern Equine Clinic - Widmer Farm Chiltern Equine Clinic - Bury Farm Chiltern Equine Clinic - Model Farm

Source: CMA analysis.  
\*Excluding centroid site

## ANNEX C: LIST OF PARTIES' SMALL ANIMAL OOH SLC SITES

Underlying Target	Centroid site type	Centroid site name	Share of supply (33 mins)	Share of supply (45 mins)	Target site(s) in catchment area*
Swaffham	Swaffham	Swaffham Veterinary Centre (Unit 3, Swaffham, Norfolk PE377LT)	[40-50]%	[20-30]%	
Swaffham	IVC	Summerhill Veterinary Centre (Norfolk) (14 Queens Road, Fakenham, Norfolk NR218DB)	[30-40]%	[30-40]%	Swaffham Veterinary Centre
Swayne	Swayne	Swayne & Partners Limited Bury St. Edmunds (Sidney House, Bury St. Edmunds, Suffolk IP333SP)	[30-40]%	[20-30]%	
Swayne	IVC	Hawkedon and Homefield Vets Ltd - Hawkedon (Hawkedon Veterinary Surgery, Bury St. Edmunds, Suffolk IP294NP)	[60-70]%	[40-50]%	Swayne & Partners Limited Bury St. Edmunds

Source: CMA analysis.  
\*Excluding centroid site.