

Medivet’s response to the CMA’s consultation on its proposed market investigation reference (MIR) regarding veterinary services for household pets in the UK (the *MIR Consultation*)

1. The UK veterinary sector is highly competitive and functioning well

1.1 Medivet’s core purpose is to deliver exceptional care to customers and their pets. Over the past 35 years Medivet has built a national community of passionate veterinary teams empowered by clinical freedom to offer the most progressive care. This community is underpinned by Medivet’s significant investment in its people, advanced technology and infrastructure so that Medivet’s customers can always be confident that their pets are receiving the highest quality care.

1.2 **In Medivet’s experience, the UK veterinary sector for household pets is highly competitive.** There are around 5,000 veterinary practices in the UK competing for customers. These practices are run by a broad range of providers operating a variety of business models from corporates (including joint ventures/partnerships with vets) to independent chains and single practices.

1.3 Encouraged by low barriers to entry, there has been a steady stream of recent new entry into the sector – the number of veterinary businesses in the UK has grown 4.2% on average over the five years between 2018-2023.¹ Such entry incentivises existing players to compete and innovate vigorously to retain customers. There are no barriers to switching with clients able to move between and/or “mix-and-match” practices based on the competitive parameters they value most (e.g. service levels, expertise, experience, convenience, price etc). In fact, vets are under an obligation to ensure that customers and their pets can switch easily pursuant to the RCVS Vets’ Code of Professional Conduct (the **RCVS Code**).

1.4 These characteristics are signs of a well-functioning and highly competitive sector. The CMA’s characterisation of competition in the UK veterinary sector is thus inaccurate, particularly its assertions around a lack of competition in some local areas and large groups acting in ways which reduce a lack of consumer choice and weakness of competition.

2. An MIR is not an appropriate or effective tool for addressing the CMA’s concerns and may have serious unintended consequences

2.1 **The UK’s veterinary sector is facing a number of non-competition related challenges** including:

(a) Inflation – high inflation has significantly increased the costs veterinary fees cover such as: salaries (including the national minimum wage), equipment, medicines, premises and other overheads. These inflated costs have impacted pricing at the same time as inflation has put pressure on customers’ household budgets.

(b) Shortage of veterinary staff - there have long been recruitment and retention challenges across the veterinary sector (recognised by the CMA in its merger decisions on recent

¹ <https://www.ibisworld.com/united-kingdom/number-of-businesses/veterinary-services/4060/>

veterinary cases). These issues have been exacerbated by Brexit and the pandemic pet boom.

- (c) Brexit – prior to 2016, clinics relied heavily on vets from the European Union. Since Brexit, there has been a significant reduction in EU-qualified vets coming to the UK, stretching the veterinary workforce even further.
- (d) Pandemic pet boom – increased pet ownership during Covid has led to increased consumer demand for vets' services. Many new pet owners are using veterinary services for the first time and are unprepared for the cost of veterinary care.
- (e) Changing client expectations – with technological advances, pet owners now have a choice of much wider range of care options available to them, many of which come at increased cost, which impacts the mix of spend.

2.2 These challenges are unrelated to competition and are better addressed and resolved by other government initiatives (e.g. education, funding and immigration policy).

2.3 **For the CMA's five alleged competition-related concerns, an MIR is an ineffective tool with "significant defects":²**

- (a) Timing: it can be up to two years from the beginning of an MIR until remedies are decided and then up to ten months for remedy implementation. In other words, customers and their pets may have to wait approximately three years from now to see any tangible benefits from the CMA's proposed MIR. Furthermore, there is a risk this delay will be prolonged depending on when the Digital Markets, Competition and Consumers Bill comes into force. Not only will an MIR deprive customers of the benefits of remedies they could have accessed earlier (see below), there is a risk that by the time any remedies finally come into force, the alleged issues the CMA was hoping to address will have passed.
- (b) Costly/resource intensive for the CMA, the taxpayer and the sector: by its very nature, any MIR is a significant undertaking for both the CMA and industry participants, and will inevitably place material burdens on all providers. Consequently, it will divert significant attention, business resources and funds away from precisely the customers and pets the CMA is aiming to help and protect.
- (c) High likelihood of negative unintended consequences: As the sector has previously warned the CMA, an MIR will likely have serious unintended consequences, in particular by aggravating existing challenges in the sector:
 - (i) vet morale/mental health and consumer sentiment towards vets – with adverse effects on retention/recruitment at a time of acute staff shortages; and

² Letter from Lord Tyrie (CMA Chairman) to SoS for BEIS, 21 February 2019, p.15.

- (ii) low consumer confidence in the veterinary profession, and indeed confidence of veterinary professionals to deliver optimal treatment – with adverse effects on animal welfare and veterinary staff who are increasingly subject to abuse.³

The CMA has acknowledged that the veterinary sector is “under pressure” and highlighted the possibility of making regulatory recommendations before the end of any market investigation. Medivet would of course welcome any changes which would improve the experience of customers and their pets as soon as possible.

2.4 **The CMA rejected an alternative, more proportionate, efficient and effective route to resolving the majority of its concerns.** As the CMA mentions, a group of corporate providers covering over 50% of the veterinary sector (including Medivet) proactively approached the CMA with a range of remedy proposals for the sector that were intended to address the CMA’s concerns. The group wanted to avert an MIR, acutely aware of the pressure the sector is already facing and the damage an MIR could do. It therefore offered to work collaboratively with the CMA on whole-sector solutions to address the CMA’s concerns.

2.5 The proposed remedies comprehensively covered the vast majority of the CMA’s concerns and could have been readily and swiftly implemented within six months – to the immediate benefit of consumers and their pets. This speed contrasts with the years it will likely take any MIR remedies to come to fruition. It was therefore disappointing and contrary to customers’ and pets’ best interests that the CMA did not engage with the group in a more meaningful manner – while it did not outrightly refuse the proposals with the group, it was only on the MIR Consultation’s publication that the CMA’s position became evident.

3. **As its practices show, Medivet is fully committed to providing the best experience for customers and their pets**

3.1 The CMA alleges that a lack of transparency on prices and ownership could weaken competition between vets and make it more difficult for consumers to choose the most appropriate practice. However, this assertion is not borne out by the CMA’s own statistics:

- (a) 80% of respondents to the information request said they were provided with cost information before agreeing to tests;⁴
- (b) 90% of respondents were provided with cost information before surgery;⁵ and
- (c) around 75% of pet owners did know they could get a prescription online or elsewhere.⁶

3.2 Medivet prides itself on its transparency as it fosters the trust integral to providing the best experience for customers and their pets. The high level of trust between Medivet and its customers, as well as customers’ appreciation of Medivet’s leading service and care quality, is mirrored in Medivet’s Net Promoter Score which consistently exceeds 80.

³ See para. 1.7 of the MIR Consultation and <https://www.rcvs.org.uk/news-and-views/news/rcvs-responds-to-worrying-spike-in-abuse-of-vet-teams/>

⁴ MIR Consultation, para. 9.

⁵ MIR Consultation, para. 9.

⁶ MIR Consultation, para. 23.

3.3 Medivet's commitment to openness is reflected in its policy for all Medivet clinics to be PSS-accredited. PSS-accreditation entails an enhanced degree of transparency (and practice standards more generally) as compared to the RCVS Code obligations. Independently Medivet takes the following actions:

- (a) Branding - not only is it important for informed decision-making that customers can easily identify clinics as part of the same corporate group, Medivet is also proud of its service and brand. Consequently, as the CMA recognises in its consultation publication, Medivet operates uniform branding – one of only two corporate groups to do so. As a matter of course, Medivet includes clear, visible corporate branding across all its channels including: practices, business divisions, online (e.g. social media, email and websites), print media and other marketing materials. Medivet aims for all newly-acquired practices to have the Medivet external signage and branded elements (e.g. uniforms, name badges and internal posters) as quickly as possible from Day 1. In line with this philosophy, Medivet is currently rebranding its lab business (Lab Services Ltd) to include Medivet in its name. Medivet believes all vet providers should adhere to this level of transparency, not only in relation to First Opinion Small Animal (**FOPSA**) clinics but all related services.
- (b) Pricing -
 - (i) Treatment pricing – by default, all Medivet customers receive estimates and have the opportunity to discuss them before any procedures are performed. Inevitably there will be instances where there are unforeseen costs (e.g. mid-surgery findings). However, even in these circumstances, Medivet's staff will make a reasonable attempt to inform the owner of any increased cost as soon as they can without jeopardising the pet's welfare (e.g. a nurse will ring the owner on the vet's instructions mid-operation). This practice is compliant with the requirements in the RCVS Code.
 - (ii) Contextualised care and pricing - Medivet is acutely aware of the need to provide customers and their pets with contextualised care; each monthly internal training session for vets features an element on the need to provide treatment options which mirror the customer's means. Medivet fully supports its vets' clinical authority and therefore does not have treatment protocols which mandate treatment paths for particular illnesses. Consequently, Medivet's vets retain full flexibility when offering customers treatment options.
 - (iii) Medicines – it is Medivet policy for Medivet clinics to have visible posters in their waiting rooms informing customers of the possibility to take a prescription and buy the medicine elsewhere. The prompt is also contained in Medivet's standard terms and conditions.⁷ In addition, all Medivet's staff are trained to provide advice to customers on finding an alternative, reputable medicine provider. As Medivet does not own or have any connections with any online pharmacies / pharmacies not situated within its clinics, its advice is neutral, driven only by the desire to provide the best treatment for the pet. Medivet would therefore support drawing

⁷ <https://www.medivetgroup.com/terms-conditions/medivet-terms-and-conditions/>, para. 12.

customers' attention to independent, third parties who could provide medicines at different price points and via alternative channels (e.g. online).

3.4 **Medivet is always focused on actions to help customers and deliver greater consumer confidence in the sector.** Medivet therefore looks forward to working with the CMA to ensure that an enhanced level of transparency becomes embedded across the sector, including in relation to FOPSA-related services (e.g. diagnostics, pharmacies (including online), specialist referrals, animal hospitals, crematoria and out-of-hours).

4. Medivet is committed to engaging positively and constructively with the CMA

4.1 In conclusion, Medivet disagrees with the premise of an MIR for the reasons set out above. However, should the CMA consider one necessary, the investigation should:

- (a) result in the best possible service for customers and their pets;
- (b) improve the experience of veterinary professionals and support them to deliver exceptional care for their patients;
- (c) reset, restore and enhance stakeholder confidence; and
- (d) build a clear and enduring regulatory framework fit for today's veterinary sector.

4.2 Medivet is fully committed to all these aims and will engage with the CMA and any MIR process positively and constructively to ensure they are met. However, Medivet would also like to continue the existing remedy discussions on an expedited basis with the aim of developing, agreeing and implementing a set of proposals that address the CMA concerns during the initial stages of the MIR rather than waiting until the end of the investigation.

4.3 Finally, Medivet does not have any comments on the draft Terms of Reference.

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