CMA Market Investigation into Veterinary Services for Household Pets
IVC Response to CMA Issues Statement

1. Introduction

1.1 IVC Evidensia ("**IVC**") welcomes the opportunity to provide its responses to the CMA's Issues Statement. Set out below are our comments on the individual theories of harm that are flagged by the CMA (recognising that at this stage these are identifying areas for further exploration and that the CMA does not have any settled position on these issues).

1.2 In exploring these theories of harm IVC would also encourage the CMA to reflect on the broader industry and social changes that are driving some of the dynamics that are seen in the veterinary sector. It is undoubtedly the case that this is a sector that has had to change significantly in the face of fundamental advancements in medical knowledge, technology, and societal expectations. We would encourage the CMA to be curious about these broader pressures on the sector in terms of understanding both why the market has evolved as it has, and also the wider implications of any proposed reforms.

1.3 IVC would refer the CMA in particular to the "teach-in" provided by IVC on 1 July 2024, where we explored:

(i) The rapid evolution of veterinary care – with increased humanisation, advancements in animal welfare knowledge and application, higher expectations of vet care and innovative technology;

(ii) The role of contextualised care in reconciling individualised pressures and demands on pet, pet owner, and vet;

(iii) The challenges facing the veterinary workforce – both from within the profession (e.g. better work-life balance, increased governance, higher owner expectations) and externally (e.g. Brexit and the influence of social media and media programmes);

(iv) The substantial benefits of corporate ownership (by IVC in particular) for pets, pet owners, veterinary professionals, and more widely (e.g. ESG including One Health initiatives such as reducing antibiotic use);

(v) The economics of first opinion practices ("**FOP(s)**") and the growth of online medication sales which is challenging that business model; and

(vi) The benefits of dedicated outsourced business-to-business ("**B2B**") out-of-hours ("**OOH**") provision for pets, pet owners, and FOP veterinary led teams.

2. Preliminary Comments on Market Definition

Referral centre services

2.1 The CMA is considering whether it is appropriate to define a separate product market for "*referral centre services*", where the CMA defines a "*referral centre*" as *"a veterinary practice or animal hospital that offers services accessed via a referral from one qualified*

vet to another and where such referral work forms a substantial part of the site's offering (i.e. they have Veterinary Hospital accreditation by RCVS or equivalent). Vets at a referral centre may have a particular specialism, and referral centres may, for example, offer specialist imaging, dentistry or complicated surgery."[1]

2.2 In IVC's view (and consistent with IVC's previous submissions), this is not the appropriate way to define the product market for referral services. A referral service (as distinct from a first-opinion service) is:

(i) One that is more specialised or complex than a typical first opinion service;

(ii) Involves a diagnosis, procedure and/or possible treatment, after which the case is returned to the referring FOP veterinary surgeon (as distinct from a "second opinion" which is only for the purpose of seeking the views of another veterinary surgeon);

(iii) Is performed by a veterinary surgeon recognised by the referring veterinary surgeon as having the relevant expertise which objectively would be someone who is recognised by the Royal College of Veterinary Surgeons ("**RCVS**") as either a "**Specialist**" or an "**Advanced Practitioner"** (both of which are protected terms) or a resident under their direction, often using specific equipment;

(iv) Generally not available without a prior referral from a FOP practitioner; and

(v) Complies with the RCVS Code of Professional Conduct requirements including as to 24-hour support.[2]

2.3 It ultimately comes down to the credentials and qualifications of the practicing vet(s) – not the "centre" or "building" in which the service is provided. While referral services may be provided in clinics that have an RCVS Veterinary Hospital accreditation, this is not essential.

2.4 For example, some vets may offer referral services while also offering first opinion services as part of their practice. In addition, peripatetic Specialists may provide referral services in third party FOP premises. Both of these will often be credible options for pet owners, and the CMA should reflect these different business models and the competitive constraint they exert in any market analysis it conducts of referral services.

Retail supply of pet cremation services

2.5 When looking at crematoria, the CMA needs to recognise within its product market definition that pet cremation is predominantly a B2B service.

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[1] Issues Statement, paragraph 20.

[2] 3.51 of the Code requires referral practices to provide 24-hour availability in all their disciplines (or by prior arrangement with the referring veterinary surgeon, to make arrangements for an alternative source of appropriate assistance). 3.52 of the Code requires any practice accepting a referral to make arrangements to provide advice to the referring veterinary surgeon on a 24-hour basis, for the ongoing care of that animal.

2.6 Given the legislative constraints on clinical waste and carcass disposals, whereas the FOP sets the retail price and invoices the pet owner directly, the service itself is typically outsourced by the FOP to a specialist provider. IVC estimates that c. [CONFIDENTIAL] of CPC Cares' ("**CPC**")[3] revenue is from B2B (i.e. wholesale cremation services).

2.7 The CMA should therefore reflect in its product market definition that the wholesale supply of pet cremation services is an important and essential feature of the market.

2.8 IVC estimates that c. [CONFIDENTIAL] of its customers purchase cremation from their FOP (rather than purchasing direct with a third party B2C provider). For such customers, it is not clear to IVC how it is appropriate to define a separate product market for cremation services as distinct from the range of other FOP veterinary services available to pet owners.

Retail supply of prescribed veterinary medicines

2.9 Customers have a choice of where to purchase prescribed veterinary medicines – including in-clinic, from external pharmacies and from online retailers.

2.10 However, it is important to recognise that when purchased in-clinic, prescription medicines are provided as a constituent element of veterinary treatments and services which form part of a wider product market for first opinion veterinary services. For example, a patient receiving treatment for repeated vomiting will require consultation and examination, diagnostic tests, prescription medicines, and potentially follow-on supervision and aftercare.

2.11 While the CMA will need to explore its theory of harm around the price of prescription medications, its analysis should consider the wider role of medicine within the supply of veterinary services. Again, IVC refers the CMA to the teach-in it provided where it explained the economics of FOPs and the growth of online medication sales which is challenging that business model. See further Section 77.7 below.

3. Theory Of Harm ("TOH") 1 - Lack of Appropriate Information to Consumers

"Pet owners might not engage effectively in the choice of the best veterinary practice or the right treatment for their needs due to a range of factors including a lack of appropriate information."[4]

3.1 IVC believes that its customers are provided with comprehensive information during the customer journey and that its veterinary and non-veterinary staff work hard to enable customers to make informed choices. However, IVC is open to discussion and engagement with the CMA on whether there is more that can feasibly be done in this area, and IVC has already made proposals in this regard.

Information provided to consumers on price

[3] CPC Cares is the trading name of IVC's wholly owned subsidiary, Vetspeed Limited, which is a crematoria business.

[4] Issues Statement, paragraph 53.

3.2 All IVC practices are required to be open and transparent on all pricing, consistent with both:

(i) **IVC group policy to provide estimates**. It can be difficult to know the precise cost of treatment in advance (and a patient treatment journey may vary due to multiple factors including individual needs, disease progression and co-morbidities) , but it is clear group policy to keep all customers informed of estimated costs to ensure customer satisfaction and prevent unnecessary surprises (and thereby also reduce bad debt). It makes good business sense to do so – as well as being the right thing to do.

(ii) **The RCVS Code of Conduct**[5] requirement for vets to provide appropriate information to clients about the costs of services (and medicines).

3.3 IVC regularly monitors its quality of service and customer feedback shows that customers rate IVC highly in terms of price transparency. All customers are sent a survey to gather Net Promoter Score ("**NPS**") feedback post-consultation and IVC receives c. [CONFIDENTIAL] responses per month (c. [CONFIDENTIAL] response rate). Overall customer satisfaction is very high, with NPS ratings that are objectively high compared to other consumer-facing sectors. In particular, customers rate IVC highly in terms of the clinician explaining the treatment options available to them and keeping them informed of costs.

IVC willingness to remedy any concerns on price transparency

3.4 IVC has already indicated to the CMA (as part of the framework of remedies offered in Phase 1) its willingness to publish uniform price lists for specifically designated "entry point" services in-clinic and online, as well as to provide a written estimate for follow-on treatment on or with the consent form. This is a more effective solution than the publication of "most frequently offered" services as proposed by the British Veterinary Association ("**BVA**"). See further below on transparency more generally.

Information available to consumers on ownership

3.5 The CMA is concerned that where branding does not indicate the ownership of the vet practice, this "*could be a problem because a consumer – if they did review local pricing at local practices before selecting one – might think they had established the competitive price but in fact had only compared practices owned by the same owner*".[6]

3.6 IVC does not set out to hide the common ownership of its practices. Rather, local brands are maintained because doing so is of some benefit to both consumers and veterinary staff. Consumers trust and understand local brands and may find it confusing to have a brand change where there is no change in the staff offering the service. Vets are also likely to feel better connected to a local brand, especially where they have been involved in its establishment.

[5] https://www.rcvs.org.uk/setting-standards/advice-and-guidance/code-of-professional-conduct-for-veterinary-surgeons/

[6] Issues Statement, paragraph 60.

3.7 This approach to local branding also reflects the way that IVC practices are run, with a large degree of local discretion.

3.8 IVC does nonetheless make the group connection clear in a number of ways, including letters to customers on acquisition, display in clinic, leaflets in practice referring to IVC, and on all practice websites.

IVC willingness to remedy any concerns on transparency of ownership

3.9 Nonetheless, IVC has already indicated to the CMA (as part of the framework of remedies offered in Phase 1) its willingness to identify group ownership through internal and external signage at each practice (as well as on the practice website). This is consistent with the BVA Guidance on Transparency and Client Choice.[7]

Information available to consumers on quality

3.10 As outlined further below, personal word-of-mouth recommendations are an important driver of customer choice of FOP and would be expected to reflect views on quality of service.

3.11 In addition, all IVC clinics have a Google Business Profile[8] account where they are actively encouraged to generate customer reviews, ensuing other pet owners have access to open and honest feedback from clients.

Information available to consumers on treatment options

3.12 IVC practices work hard to provide customers with the information that they need on the treatment options available and the pros and cons of each, taking into account the specific circumstances of both the owner and the pet. All care is contextualised to the individual situation, and the aim is to enable customers to make informed decisions that are right for them and for their pet. See further paragraph 5 below on contextualised care.

3.13 There is a key role for the veterinary expert in this process to provide guidance and support. IVC would caution against a purely menu-based approach to setting out options for care. The professional expertise, guidance and experience of the vet in making what may be difficult decisions is one of the key things that a pet owner is looking for from a practice.

How pet owners engage with the information available

3.14 IVC's experience is that pet owners take a wide variety of factors into account when choosing an FOP including recommendations and reputation. Whilst price may not always be the most important factor, it is not IVC's experience that (as suggested by the CMA) pet owners assume that all practices would charge the same.

[7] https://bva.co.uk/resources-support/practice-management/transparency-and-client-choice-guidance/

[8] https://support.google.com/business/answer/6300665?hl=en

3.15 Notwithstanding that there could be some scope for additional information to help customers make better informed decisions, the CMA has previously recognised that simply providing customers with significantly more information is not a guarantee of better outcomes.[9] This is especially the case – in sectors such as veterinary services – where there is inherent complexity, a need for contextualised care and customers may have relatively limited knowledge or experience.

3.16 This complexity, in part, explains why customers rely on word-of-mouth recommendations and online reviews to help them choose a veterinary practice. Other customers' experience – covering the levels of services, outcomes for their pets, levels of trust, and costs and prices – can be synthesised down into digestible information on whether a customer would recommend their vet. This type of information can be very valuable in helping customers make a choice of veterinary practice.

3.17 In relation to follow-on treatment, insights from IVC's qualitative research with vets ("**Vet Qualitative Research**")[10] demonstrates that the "right" amount of information to present to a pet owner on treatment options and costs is nuanced and context-specific. Vets will typically try to provide the optimum amount of information that will enable an owner to make a well-informed decision. This is within a context where "optimum" does not always mean "more". Insights from vets suggest that there is a limit to how much information an owner can take in - described in behavioural economics literature as choice or information "overload" - and owners can struggle to make a choice in some cases if they are presented with multiple options given their lack of knowledge and experience.

Training vets and veterinary nurses receive for dealing with customers

3.18 As above, it is IVC group policy to keep all customers informed of estimated costs to ensure customer satisfaction and prevent unnecessary surprises (and thereby also reduce bad debt).

3.19 IVC runs a series of workshops for practice leaders intended to help them better understand business essentials, the costs of running common services, and the importance of clearly communicating price (and value).

4. TOH 2 - Local Concentration

"***Concentrated local markets, in part driven by sector consolidation, may be leading to weak competition in some areas.***"[11]

Cremation as a B2B service

[9] See for example, the CMA's Final Report of its Retail Banking market investigation, available at https://assets.publishing.service.gov.uk/media/57ac9667e5274a0f6c00007a/retail-banking-market-investigation-full-final-report.pdf.

[10] As previously notified to the CMA, IVC has commissioned a piece of qualitative research, conducting in-depth interviews with vets. IVC will provide further details on this research, including methodology and results, at the IVC site visit on 14 August 2024.

[11] Issues Statement, paragraph 53.

4.1 The CMA intends to assess local concentration in relation to each of FOPs, referral centres, and crematoria.

4.2 When looking at crematoria, the CMA needs to recognise (as set out above) that crematoria is predominantly a B2B service outsourced by the FOP provider to a specialist provider, and that the relevant geographic market for B2B crematoria services is national. This is on the basis that the crematoria provider provides a collection service and there are no significant regional or local effects which impact the choice of which crematoria provider to use.

4.3 There are a range of different business models and customer propositions in the supply of cremation services. This includes national operators such as CPC, CVS and Pet Cremation Services (owned by Vet Partners); regional operators serving across regions and counties; through to "mom and pop" crematoria operating on a more local basis (albeit typically more focused on business-to-consumer ("**B2C**") provision).

4.4 CPC operates six crematoria sites supported by a national distribution network serving veterinary practices and pet owners across all areas of the UK (according to network capacity).

4.5 CPC's prices to third-party FOPs are typically determined by competitive tender. Prices will vary by type of service and expected volume (reflecting economies of scale).

4.6 From a demand-side perspective, the majority of pet owners will have their pet collected from their FOP and delivered to the crematorium by the B2B cremation provider. The location of crematoria is therefore not generally a relevant factor to either FOPs or pet owners, subject to crematoria's delivery network.

4.7 For the (growing) minority of B2C pet cremations, pet owners making their own arrangements are likely to consider both local operators (especially if they wish to have an attended service, and/or drop off and collect their pet themselves) and regional and national operators.

<u>No evidence that consumers are less well served in areas of high concentration</u>

4.8 IVC notes that the CMA intends to carry out more robust analysis in order (a) to measure local concentration; and (b) to explore the link between concentration and outcomes (as measured by prices or other metrics as available), "*to the extent this is possible*".[12]

4.9 IVC considers it particularly important that the CMA explores the link between concentration and outcomes to inform to what extent, if any, different levels of local concentration have on competitive outcomes for customers.

4.10 IVC does not believe that there is likely to be any adverse observable relationship between local concentration and price or profitability. IVC's central pricing recommendations to practices do not factor in the local competitor landscape. Further, to the best of IVC's knowledge, practices (who ultimately set their prices) do not seek to

[12] Issues Statement, paragraph 66

price higher in areas of less competition, and any local variations reflect a tailoring to customer needs in the local area and any legacy factors (see further Section 9 below).

5. TOH 3 - Incentives of Large Corporate Groups

"*Large integrated groups might have incentives to act in ways which reduce choice and weaken competition*."[13] **Specifically:**

(i) **"*The incentive and ability of large groups to concentrate on providing higher cost treatment options*"[14] (i.e. "upselling"); and**

(ii) **"*The incentive and ability to keep related services such as referrals, diagnostics, out-of-hours, and cremation services within the group, potentially leading to reduced choice, higher prices, lower quality, and exit of independent competitors*"[15] (i.e. "self-preferencing").**

The benefits of corporate ownership

5.1 Whilst independents can and do compete very effectively, as the CMA recognises, corporate groups bring significant benefits to veterinary professionals, pet owners and their pets.[16] The presence and growth of corporate networks reflects this.

5.2 IVC supports its vets to allow them to offer a differentiated offering that provides significant benefits to both vets and pet owners that choose to use it. Practices choosing to join the IVC network benefit from each of the following – enabling them to provide a better service to customers and their pets:

(i) **Support from central functions**, such as training (including continual professional development - IVC is a market leader in veterinary education), advice on best practice from clinical boards; accounts, HR, compliance, and finance and pricing (to ensure clinics are run sustainably for the benefit of customers);

(ii) **Research and data sharing,** advancing the profession by driving new and better treatments to the benefit of animal welfare (including a large number of quality improvement projects within the network), alongside improvements in sustainability;

(iii) **Employee benefits**. IVC is able to support vets with better pay and benefits including, for example, maternity and paternity leave, sickness pay and leave, flexible working, and family-friendly policy improvements (as well as better HR support, and mental health and wellbeing support);

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[13] Issues Statement, paragraph 53.

[14] Issues Statement, paragraph 68.

[15] Issues Statement, paragraph 74.

[16] Issues Statement, paragraph 67

(iv) **Graduate programmes and academies** providing a better structured and supported pathway on entry to the profession as well as continuing professional development ("**CPD**") through career pathways;

(v) **Help with resourcing, including locums, and staff recruitment and retention;**

(vi) **Area support,** by being able to share people and resources across clinics, where needed;

(vii) **Investment in: (a) the latest animal care techniques and technology; (b) practice management systems to improve the customer experience; and (c) property-related capital investment through refit, expansion, and relocation.** IVC is able to invest in the right equipment in the right places so that customers have options, as part of contextualised care;

(viii) **Charitable initiatives,** such as the StreetVet national charity partnership,[17] as well as more localised charitable community grants. All vets (whether independent or corporate owned and including IVC clinics) would typically offer and provide some free or subsidised care where there is a need. On top of this, IVC has also spent £3.2m on its Care Fund[18] to support patients and their owners; and

(ix) **Sustainability initiatives,** such as Positive Pawprint.[19]

5.3 Examples of recent IVC investments include:

(i) **Improved salaries and benefits:** a more than £50m increase in annual spend since July 2022, including substantial (often above inflation) increases in pay;

(ii) **Capex investment at >£36m (FY2023)** into new/improved healthcare services, solutions, and technologies, with the associated support, guidance and training. These investments are about improving the quality and choice of treatment available to pets and their owners;

(iii) **Training and continuous development**: c. £12m invested per annum; and

(iv) **Opening of Blaise hospital in Birmingham**[20]**:** a new state-of-the-art referral hospital expected to treat c.10,000 pets p.a. and requiring an initial investment of £10m.

5.4 IVC strongly believes that corporate groups have a valuable contribution to make, as part of an overall diversified market, to the provision of high quality and affordable veterinary care. Additionally, the growth of corporate groups in recent years reflects the fact that

[17] https://www.vettimes.co.uk/news/ivc-evidensia-unveils-streetvet-partnership/

[18] https://ivcevidensia.co.uk/care-fund

[19] https://ivcevidensia.com/how-we-work/sustainability/

[20] https://ivcevidensia.co.uk/News/blaise-referral-hospital-opens-in-birmingham

they are often well placed to address the challenges that are currently faced by the sector, and should be seen as part of the overall solution to some of the overarching pressures.

The CMA's concerns

5.5 The CMA recognises that the growth of larger suppliers, their investment in equipment to provide the most sophisticated treatments, and their expansion into related services "*creates the potential for efficiencies in terms of shared management costs and allows for reduced costs through greater purchasing power (e.g. when acquiring medicines for supply to consumers), as well as improved investment in diagnostics and sophisticated treatment options*" and that this "*can bring benefits for pet owners*".[21]

5.6 It is nonetheless concerned that this may result in a policy to "upsell" and/or "self-prefer".

5.7 These concerns are fundamentally at odds with IVC's experience of the market, and the approach taken by veterinary professionals – whether or not they are operating as part of a corporate group - to their role. We would encourage the CMA to make the most of the opportunities that it will have to meet the profession and understand directly how far this concern departs from their lived experience.

No basis for concern with "upselling"

5.8 IVC does not believe "upselling" is a feature of the market at all. In any event, concerns around upselling do not reflect the experience of the highly qualified professional staff that IVC employs.

5.9 IVC clinical teams are supported to deliver exceptional veterinary care, having the independence to tailor diagnostics and treatments to the needs of each individual patient and owner. In relation to IVC at least, there is no basis for the CMA's concerns given:

(i) **Strict RCVS obligations require all vets to act with clinical freedom and impartiality**. RCVS guidance makes clear that this prohibits vets from allowing "*any interest in a particular product or service to affect the way they prescribe or make recommendations. This is the case whether the interest is held by the veterinary surgeon themselves, their employer, or any other organisation they are associated with*".[22]

(ii) **Consistent with the RCVS guidelines, IVC does not provide incentives to vets to recommend veterinary products or services**. The CMA suggests it has seen some evidence that vets "*could be incentivised to use in-group services to increase group financial performance*". IVC does not offer any incentives to veterinary surgeons and nurses based on the performance of the wider network.

(iii) **The data is not consistent with there being a systemic pattern steering consumers towards more expensive treatments or diagnosis**. IVC data (as

[21] Issues Statement, paragraph 67.

[22] https://www.rcvs.org.uk/setting-standards/advice-and-guidance/code-of-professional-conduct-for-veterinary-surgeons/supporting-guidance/

shared with the CMA) shows: (a) on a like-for-like basis, the total number of diagnostic procedure patient transactions has fallen significantly over the last two years; and (b) only a very small percentage of patients receive a referral to a specialist vet and/or referral centre (either IVC owned or third party), with a declining trend of referrals to IVC centres.

5.10 Where multiple treatment options are appropriate, given the context in which the animal is presenting and the circumstances of the owners, it is already IVC policy for vets to provide an explanation to customers of the reasons for each alternative recommended treatment plan, together with an estimate of cost.

5.11 As discussed at the "teach in" on 1 July, IVC is also fully committed to "*contextualised care*" as defined by the CMA, i.e. "*taking an approach which is appropriate considering the overall circumstances of the pet and its owner (for example, budget constraints and the owner's ability to properly care for an animal recovering from surgery)*."[23]

5.12 This is reflected in IVC's customer feedback (as shared with the CMA). As set out above, NPS data shows customers rate IVC highly in terms of the clinician explaining the treatment options available to them (as well as keeping them informed of costs).

5.13 This is also consistent with the insights from IVC's Vet Qualitative Research. This demonstrates a clear picture of vets being heavily "pet-focused", highly pragmatic and cost-conscious when evaluating pets and determining what treatment and/or tests they recommend. The research found that vets are primarily focused on the pet, but are still attentive to the owner's concerns and conscious of the financial and 'nursing' contribution of the treatment they recommend. The research also found that vets typically tend to default to the most cost-effective treatment, unless there are other good reasons to consider alternative treatments. There was no evidence of vets seeking to "upsell", "over test", or default to "higher cost" or "highly sophisticated" treatment options.

5.14 IVC is concerned about any public suggestion by the CMA that vets do not act in the best interests of customers and their pets and looks forward to working with the CMA to ensure consumers can continue to trust the advice and treatments they receive from veterinary practitioners.

<u>IVC willingness to support an industry solution (reflecting existing practice) to any "upselling" concerns</u>

5.15 IVC has already indicated to the CMA (as part of the framework of remedies offered in Phase 1) its willingness to commit formally to provide (with price estimates) an explanation to customers of the reasons for alternative recommended treatment plans (as per existing policy and practice).

5.16 In addition, as part of the same framework of remedies, IVC has offered to commit formally to provide training on contextualised care. Again, this would reflect existing policy and practice.

[23] Issues Statement, footnote 24.

5.17 As above, IVC would caution against a menu-based approach to setting out options for care. The professional expertise, guidance and experience of the vet in making what may be difficult decisions is one of the key things that a customer is looking for from a practice.

Scope of the concern on "self-preferencing": B2B vs B2C services and implications for consumer choice and outcomes

5.18 The CMA expresses its concern in relation to "*related services such as referral centres, diagnostics, out-of-hours, and cremation services.*"[24] There are distinctions between these different activities that have not been factored into the CMA's assessment so far.

5.19 In particular, some of these activities (diagnostics and cremation) are typically **B2B services** that are provided to the vet practice rather than directly to the pet owner, whereas other activities (specialist referrals) are B2C services provided to the pet owner. Out-of-hours services are often provided B2B to a practice to allow it to contract out its RCVS obligation to make out-of-hours services available (albeit the service is then billed directly to the pet owner).

5.20 The CMA's concern around incentives of FOP vets belonging to large corporate groups to reduce consumer choice by encouraging clients to use services owned by the same group should not relate at all to outsourced B2B services such as cremation. The decision to outsource B2B services is not driven by vertical integration – corporates, independents and charities all have an ability and incentive to outsource in order to provide a more efficient service. Indeed, CPC provides B2B crematoria services to other corporate groups, as does Vets Now for OOH services.

5.21 To the extent there is a question around the effects of the expansion by corporate groups into the provision of B2B outsourced services, it should therefore be whether customers are worse off as a result of groups outsourcing to another part of the group, rather than to an independent third-party B2B provider.

5.22 For **crematoria**, IVC customers are not disadvantaged by CPC being part of the IVC group. On the contrary, IVC's FOP vet practices have access through CPC to competitive "wholesale" prices for cremation services, and a reliable, high-quality service. Importantly, this is a means of ensuring a consistently high level of care and service is provided, both in terms of customer experience and more broadly (for example, robust health and safety and sustainability standards).

5.23 It is also relevant in this context that IVC practices (including IVC FOP clinics) have full discretion on which cremation provider to outsource to, and a number of IVC FOP practices choose to use a third-party cremation provider as their preferred supplier.

5.24 Similarly, for **OOH**, IVC customers are not disadvantaged by Vets Now being part of the IVC group. Vets Now, as a specialist OOH provider, is able to offer top quality care with dedicated and experienced emergency vets and nurses. As a result, Vets Now is chosen as the preferred OOH supplier by a wide range of third-party FOPs. IVC customers (pet owners) are charged competitive prices for OOH services in part because: (1) they are

[24] Issues Statement, paragraph 75.

charged the same prices as non-IVC customers and Vets Now has an incentive to compete for non-IVC customers; and (2) it would otherwise reflect badly on the IVC FOP clinic which has opted to use Vets Now.

No basis for "self-preferencing" concerns, even in B2C services

5.25 In any event, in IVC's experience there is no basis for any self-preferencing concern, including in B2C services (e.g. specialist referrals), given:

(i) As above, **strict RCVS obligations require all vets to act with clinical freedom and impartiality**.

(ii) Consistent with the RCVS Guidelines, **IVC does not provide incentives for vets to refer customers to IVC specialists**.

5.26 Veterinary surgeons employed by IVC will make referrals only after discussing and agreeing with customers on the most suitable referral veterinary surgeon. The referral decision is driven by clinical considerations and not by any ownership (or other business) considerations. Customers are informed that they have a choice as to which referral veterinary surgeon they select and are actively involved in the selection.

IVC willingness to support an industry solution (reflecting existing practice)

5.27 IVC is happy to support any remedy to ensure similar best practice is repeated throughout the industry. IVC has already indicated to the CMA (as part of the framework of remedies offered in Phase 1) its willingness formally to commit to removing any incentives to refer intra-group (where these incentives exist – which as above, is not the case with IVC).

5.28 IVC has is in any event reaffirmed its group policy that where a FOP vet proposes to refer a pet to an IVC referral veterinary surgeon, the group connection is clearly identified to consumers at the point of referral.

Access by independent vets to IVC owned crematoria and/or referral services

5.29 The CMA intends separately to explore whether:

(i) Independently owned FOPs have any difficulty in accessing cremation (and diagnostic) services supplied by large groups; and

(ii) Customers of independently owned FOPs are unable to access referral centres owned by large groups on the same terms as customers of these groups.[25]

5.30 The high fixed cost of operating these services provides a strong incentive for IVC to supply such services to third parties and their customers.

5.31 For CPC, c. [CONFIDENTIAL] of its B2B revenue is from third parties (including other corporates, charities, and independents). CPC participates in competitive tenders for the

[25] Issues Statement, paragraphs 75-83.

business of third party FOPs, and needs to offer competitive terms (both in terms of price and quality of service) to win this business.

5.32 For IVC's referral hospitals, pet owners using third-party FOPs account for c. [CONFIDENTIAL] of revenue. It is critical for the commercial success of IVC's referral hospitals that they are able to compete effectively for all customers (including those of independently owned FOPs). In addition, IVC charges the same price to customers of third-party veterinary practices as it does to IVC customers.

6. TOH 4 – Ability of Consumers to Make an Informed Choice on Cremation

"***Pet owners might not engage effectively and might lack awareness of their options when a pet dies and as result may be overpaying for cremations.***"[26]

6.1 As outlined above, cremation is predominantly a B2B service, outsourced by the FOP practice to a specialist provider. FOP practices set the retail price paid by customers (as with any other veterinary service) and invoice the customer directly.

6.2 Vets would not typically volunteer to provide pet owners with information on alternative providers of cremation as they see it as a service provided by the FOP practice (and invoiced through the practice), albeit generally outsourced.

6.3 The majority of customers generally do not ask for a choice, and they value the role their vet practice plays in making arrangements. The CMA's qualitative research also demonstrates this: "*Pet owners reported that they felt relieved that their veterinary practice had taken the lead in dealing with the cremation arrangements. They were happy to leave the choice about which cremation provider to use to their vet.*"[27]

6.4 FOPs play a valuable role in facilitating the cremation of a pet, at a difficult time for the owner. This includes guiding them through the process, outlining the different choices around types of arrangement, making arrangements for collection and delivery of the pet to the crematoria, and storing the pet in the meantime. Where the pet owner asks for a third-party provider, the role of the FOP vet also extends to carrying out appropriate due diligence on the service provider.

6.5 From a customer perspective, having the ease and peace of mind of your vet practice taking care of the cremation arrangements is of value. There are also understandably costs involved to vet practices in providing this service, which they would attempt to recover in the retail price charged to customers (i.e. a mark-up on the "wholesale" cost from the B2B supplier). As with any service offered by vet practices, the price charged also needs to contribute to the wider overheads and running costs of the clinic.

6.6 Where a client does ask to use another provider, this choice is fully supported by the FOP and there are a range of options available (wherever in the country they are). Customers

[26] Issues Statement, paragraph 53.

[27] CMA qualitative research, p.11

have the ability to compare prices of pet crematoria – this information is typically easily accessible online.

6.7 Therefore, in IVC's opinion, the CMA's rationale for setting out a separate theory of harm for cremation, as distinct from other veterinary services covered under theory of harm 1, is unclear:

(i) The CMA notes that a pet's death is an emotional and distressing time, but this also relates to choices around end-of-life care such as euthanasia, and not just cremations. It can also be an emotional and distressing time when a pet becomes unwell in general, when treatments need to be considered.

(ii) Compared to other veterinary services (which can differ in price by weight, body surface area or species / breed) it is relatively easy for pet owners to compare both the price and other service elements of cremation alternatives.

(iii) While it is superficially more straightforward to calculate FOP "mark-ups" (over cost of provision) for cremation (given there is often an external third-party cost) compared to other services, the factors behind how a FOP clinic sets prices for cremations will be similar to how it sets prices for other services. In assessing "mark-ups" for cremation, the CMA would in any event also need to consider the additional costs to a veterinary clinic as outlined above.

7. TOH 5 – Price of Medicines and Prescriptions

"Pet owners might be overpaying for medicines or prescriptions due to a range of factors including a lack of awareness of their options."[28]

The CMA concern

7.1 The CMA is concerned that vet practices may be deterring consumers from purchasing medicines elsewhere (e.g. online) by:

(i) Not making consumers sufficiently aware of the option to purchase elsewhere; and/or

(ii) Charging a high prescription fee or only issuing prescriptions for short periods of time, meaning that the consumer would have to pay for prescriptions more frequently.[29]

Background to in-clinic medicine pricing

[28] Issues Statement, paragraph 53.
[29] Issues Statement, paragraphs 86 – 90.

7.2 FOP veterinary clinics compete with each other in the provision of a total package which includes both the supply of medicines and treatment services.[30] Medicines – in particular chronic medicines, which comprise c. [CONFIDENTIAL] of IVC's medicine revenue – will form just one component of the care a patient receives from a veterinary practice during the "customer journey". For example, a patient receiving treatment for repeated vomiting will require consultation and examination, diagnostic tests, medication, and potentially follow-on supervision and aftercare.

7.3 It follows that prices for medicines need to be looked at in the context of the overall offer and should not be considered in isolation.

7.4 There are significant benefits to consumers purchasing in-clinic. Customers often value the convenience of purchasing medications from their local practice, and access to advice (both at the time of dispense and in the event of any adverse reaction) from a vet with whom they have an existing relationship. This means they may be willing to pay a premium to purchase medications from their local practice (as compared to online). This is particularly the case in relation to medicines that are more complex to administer, or certain types of owners (e.g. new owners of young animals, nervous owners or owners with their own healthcare needs which affects their ability to administer medicines at home). It is generally more difficult to administer medications to animals than to humans.

7.5 There are also significant additional costs to dispensing medicines in-clinic, including associated clinician time, practice overheads, the costs of storing medicines (including wastage), and the cost of training staff on the appropriate use of medicines.

7.6 Nonetheless, vets have historically tended to charge unrealistically low fees for treatment prices and looked to make up some of the shortfall through higher medicine prices.[31]

7.7 The growth of online sales for prescription veterinary medicines is challenging that business model. There is a clear upward trend in the proportion of customers seeking a prescription with a view to purchasing medicines online. For instance, on average c. [CONFIDENTIAL] of IVC's transactions for its most common chronic medicines are now for a prescription to purchase medicines elsewhere, up from c. [CONFIDENTIAL] two years ago.

[CONFIDENTIAL]

7.8 Ultimately, that trend will put pressure on all veterinary practices to charge lower prices for medicines, and correspondingly higher prices for treatments. Independent practices (which are likely to have higher purchasing costs for medicines and correspondingly lower margins) can be expected to feel that pressure earlier and harder.

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[30] This is consistent with the findings of the Competition Commission its 2003 report (see paragraph 2.1013): https://webarchive.nationalarchives.gov.uk/ukgwa/20120120024824mp_/http://www.competition-commission.org.uk//rep_pub/reports/2003/fulltext/478c2.pdf

[31] This was a finding of the Competition Commission in its 2003 report (see e.g. paragraph 2.157): https://webarchive.nationalarchives.gov.uk/ukgwa/20120120024824mp_/http://www.competition-commission.org.uk//rep_pub/reports/2003/fulltext

Consumer awareness of ability to get a prescription and purchase medicines elsewhere

7.9 This trend demonstrates that consumer awareness of the ability to get a prescription and buy medicine elsewhere is both strong and growing. The CMA's own qualitative research implies that c. 75% of customers are aware of this option (and it is possible that the remaining 25% have not yet experienced the need to purchase medicine in significant volume).

7.10 There is also good evidence that many customers do take prescriptions and shop around for chronic medicines:

(i) The share of prescriptions at IVC clinics for common chronic drugs is up to c. [CONFIDENTIAL] of transactions on average (as shown above) and rising; and

(ii) This will be higher for pets on long term medication. For example, c. [CONFIDENTIAL] of pets receiving a medication for less than three months have taken out a prescription at least once. This increases to c. [CONFIDENTIAL] for pets receiving medication for 6-12 months.[32]

(iii) It is even higher on a volume basis (as customers getting prescriptions typically buy medicines in larger quantities, and prescriptions often entitle customers to a "repeat", i.e. order the medicine multiple times with a single prescription). For example, a conservative estimate suggests that c. [CONFIDENTIAL] of volume for Apoquel (a typical drug for allergies) is purchased via prescription.

7.11 IVC's Vet Qualitative Research also demonstrates that it is not uncommon for vets to discuss with pet owners the option to get a prescription and purchase medicines elsewhere, especially for longer term need and after an initial "trial" period where the vet was able to monitor the effectiveness of the medicine. This is in addition to the RCVS requirement for vet practices to advise clients via a sign displayed in practice.

7.12 The research also highlights that some customers with repeat medication needs will proactively raise getting a prescription with the vet, having done their own research on costs.

IVC willingness to support an industry solution to further increase consumer awareness

7.13 IVC has already indicated to the CMA (as part of the framework of remedies offered in Phase 1) its willingness to take further steps to make clients aware of alternative channels for purchasing prescription medicines, including online retailers accredited via the Veterinary Medicines Directorate's Accredited Internet Retailer Scheme (AIRS) – in particular on receipts for dispensed medicines (in addition to in practice signage).

Prescriptions

[32] Based on sample of common chronic medications (Metacam, Apoquel, Thyronorm, Vetoryl, Vetmedin Insulin, or Arthrocam).

7.14 IVC recommends its practices set prescription fees at [CONFIDENTIAL] reflecting the nature (professional accountability) and cost of the prescription service. The prescription fee aims to cover the cost of the vet's time in preparing and writing a prescription (e.g. appropriate medicine, dosage, frequency etc., which requires their medical expertise and judgement) and to make a contribution to general running costs.

7.15 The average cost for a prescription at an IVC clinic is £[33][CONFIDENTIAL] This is a comparable level to the fees charged to write a prescription in private healthcare in the UK.[34]

7.16 IVC has seen no evidence that, at this level, the prescription fee is deterring consumers from purchasing medicines through alternative channels. For example, based on IVC data, the most common quantity of Apoquel prescribed in one transaction is 30 tablets. At this level, it is still cost effective for customers to pay a prescription fee and buy the medicine online. The savings increase as customers buy higher volumes of medicine. In fact, only at a volume of fewer than 10 tablets does it become more cost effective to buy in-clinic (which accounts for fewer than [CONFIDENTIAL] transactions), but even then, the difference between in-clinic and online costs does not exceed a few pounds sterling.

7.17 It is also not the case that IVC vets only issue prescriptions for short periods of time, so that the consumer would have to pay for prescriptions more frequently. The duration of treatment covered by a prescription (and indeed in-clinic purchases) has to balance volume-related cost savings with the risk of waste if an animal's circumstances change, and a course of medication is changed or ceased. Vets will offer shorter prescriptions where there is a need to review the effect on the pet or where there is a risk of substance abuse associated with the drug. For some medicines (controlled medications and antimicrobials) there will also be legal and/or ethical considerations.

Rules around prescribing medication for use by vets (including the cascade and availability of generic medication for pets)

7.18 The Veterinary Medicine Regulations ("**VMRs**") make it an offence to actively promote or endorse the use of medicines that are not licenced by species or indication. Vets are therefore precluded by law from offering a medication choice based on cost alone and have to prescribe following the "Cascade."[35]

7.19 The Cascade allows to make a controlled individualised decision within the VMRs on safe prescribing for the animal entrusted to their care. Medicines are not benign and all have side effects The majority of human drugs do not have known safe veterinary dosing regimes, either by weight, body surface area or species / breed.

7.20 Loosening these restrictions would also likely have a substantial impact on the funding model for the development of veterinary licenced prescription drugs (and hence on animal welfare). As compared to human medicine, the testing of veterinary drugs is highly

[33] IVC response to RFI2, Question 8.

[34] Based on the websites of a sample of human private healthcare providers.

[35] https://www.gov.uk/guidance/the-cascade-prescribing-unauthorised-medicines

burdensome (the effects of drugs varies by species and sometimes by breed within a species) and the end market is small.

7.21 IVC notes that the upstream supply of veterinary pharmaceuticals is not within the scope of the MIR.

8. TOH 6 - Regulation

"The regulatory framework is outdated and may no longer be fit for purpose and may currently be operated in a manner that does not facilitate a well-functioning market."[36]

Key challenge facing the industry

8.1 The key challenge facing the industry is a national shortage of vets (due to lack of vet college places, Brexit, work-life balance challenges etc.) leading to stress, over-work and even to individuals leaving the profession, further fuelling the challenge.

8.2 In addition to regulatory reform (and as set out in IVC's response to the CMA consultation on a market investigation reference, dated 9 April 2024[37]), the CMA should use this opportunity to recommend government action to address this. In particular:

(i) To provide **additional university and college places** for veterinary studies and greater funding for veterinary students, to make getting qualified more accessible;

(ii) To adjust current arrangements to facilitate the **hiring of vets from overseas**; and

(iii) To **reduce regulatory limits** on para-professionals and especially veterinary nurses, to enable them to carry out more clinical tasks (i.e., administering vaccines) and free up vets to undertake more specialist tasks.

IVC support for broader regulatory reform

8.3 IVC is supportive of extending the remit of the RCVS as a regulator to cover practices (as well as individual vets).

8.4 IVC is also supportive of the RCVS proposal[38] that para-professionals are more regulated and come under the regulatory remit of the RCVS to ensure quality, training, accountability etc.

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[36] Issues Statement, paragraph 53.

[37] https://assets.publishing.service.gov.uk/media/664e0968b7249a4c6e9d39df/IVC_Evidensia__.pdf

[38] See e.g. RCVS Council opens the path for paraprofessional regulation - Professionals

RCVS Code and Guidance

8.5 As recognised by the CMA and outlined above, the RCVS Code and Guidance[39] include important provisions relevant to the CMA's theories of harm – including:

(i) The requirement for vets to provide appropriate information to clients about the options for and costs of services (and medicines).

(ii) A strict obligation on vets to act with clinical freedom and impartiality.

8.6 IVC considers the existing RCVS Code of Professional Conduct for Veterinary Surgeons and for Veterinary Nurses and the Supporting Guidance to be adequately worded. In particular, a "principle-based code" allows for individualised care, whereas a strict code would drive binary decisions which in a medical environment would prove restrictive and have a negative impact.

Monitoring and enforcement

8.7 The RCVS already possesses and deploys disciplinary powers to suspend and remove vets and nurses for misconduct (considered against the principles set out in the RCVS Code), and it regularly inspects practices under the Practice Standards Scheme ("**PSS**")[40] (c. 70% of all practices (and nearly all IVC clinics[41]) voluntarily subscribe to this scheme).

8.8 The RCVS also operates a whistleblowing regime allowing any veterinary professional to raise concerns about a vet or nurse.[42] This would cover any breach of the Code.

8.9 IVC has already indicated to the CMA (as part of the framework of remedies offered in Phase 1) its willingness to provide the RCVS with enhanced monitoring and enforcement powers including:

(i) A commitment on clinics to self-audit and report compliance with the Code on an annual basis; and

(ii) To the extent not already provided, agreement to allow the RCVS to inspect a clinic where it has good grounds to suspect a serious breach of the Code (currently, outside of PSS, the RCVS has to be invited by the vet).

8.10 IVC has also indicated to the CMA (again as part of the framework of remedies offered in Phase 1) that it would be willing to help fund the BVA to oversee a "kitemark" type scheme reflecting compliance with industry proposals, which would be a clear and easily

[39] https://www.rcvs.org.uk/setting-standards/advice-and-guidance/

[40] https://www.rcvs.org.uk/setting-standards/practice-standards-scheme/

[41] 91.6% IVC clinics are accredited, and 8% are booked in waiting on accreditation 8%.

[42] https://www.rcvs.org.uk/concerns/im-a-vet-professional-and-i-want-to-raise-a-concern/

accessible reference point for the public and enable other independent vets to join the scheme.

9. Outcomes

9.1 The CMA plans to consider price, profits, and levels of choice and innovation in the course of its market investigation. In each case, it is important that the CMA puts the evidence it gathers in the proper context of the development of the UK veterinary market. Some of this important context is set out further below.

Pricing

9.2 The CMA plans to examine pricing trends and price differentials between vet practices. The CMA has rightly recognised "*that there may be challenges in understanding the drivers behind price differentials*"[43] in this market.

9.3 It is critical to recognise that the UK veterinary market has been undergoing a period of professionalisation, where there is a legacy of a large number of small independent vet practices who have lacked the resources and expertise to carry out rigorous cost-based pricing at an individual treatment level. This has inevitably created variation in prices across different practices on individual treatments, particularly where vets' qualitative assessments of their relative costs can easily differ.

9.4 An important benefit of corporate ownership for vets is that practices have access to group-wide knowledge and expertise on pricing, and over time this is enabling pricing at treatment level to be put on a more reasonable cost-reflective basis. That said, because IVC does not impose central price lists on practices, and pricing discretion remains with individual practices, even within IVC there remains a significant legacy of price differentials between practices on individual treatments, albeit one that is reducing over time.

9.5 This context matters because the Issues Statement states that price differentials between practices may "*raise concerns if these differences cannot be sufficiently explained by factors other than weak competition*".[44] In IVC's view, it would be wrong for the CMA to conclude that weak competition must explain price differences unless those differences can be explained by other factors. This ignores the possibility (indeed, likelihood) that some price differences simply cannot be explained by any particular factor, because they arise from a legacy of different vets making different qualitative judgments on what is an appropriate price. In other words, the CMA cannot assume that unexplained price differences must indicate weak competition.

Profitability

9.6 The CMA plans to carry out an analysis of the economic profitability of IVC and the other corporate groups. In practice, this analysis is likely to face a number of data quality and

[43] Issues Statement, paragraph 105.

[44] Issues Statement, paragraph 104.

methodological challenges. In particular, the legacy of corporate groups growing through acquisition has had the following consequences:

(i) Tangible assets as recorded on the balance sheet are typically a poor representation of the modern equivalent asset value (MEAV) of the practice's assets; and

(ii) Important economic assets are captured on the balance sheet through intangibles (including goodwill) which will need to be appropriately valued in a manner compatible with the CMA's best practice approach to measuring intangibles.

9.7 IVC welcomes the CMA's suggestion to publish a working paper and consult on its methodology.

9.8 In addition, IVC believes that early engagement on these issues would assist the CMA in developing an appropriate methodology.

Choice

9.9 The Issues Statement mentions potential concerns that pet owners are "*not being offered as much choice as they could be*".[45]

9.10 IVC would agree strongly that it is important that pet owners are offered a choice where appropriate, e.g. as part of contextualised care (see above).

9.11 The CMA should not assume however that having more options always means higher quality care, or that independent or non-integrated business models automatically imply better impartial advice. For example:

(i) In respect of **OOH care**, customers might have more choice of provider locally if more vet practices decided to operate the service in-house rather than contracting with a specialised OOH provider. However, this would ignore :

(a) That, for the reasons outlined above, most OOH care is provided B2B, as an outsourced service. Very little OOH care is provided directly B2C (without going through a FOP practice);

(b) As set out above, dedicated providers of OOH care bring considerable benefits for pets and pet owners (as well as veterinary professionals). A local practice might well decide to contract out their OOH care for reasons of increased quality. Where OOH is provided in-house by an FOP practice there is also a real danger that this results in burnout/higher attrition of vets which further reduces quality of care and choice.

[45] Issues Statement, paragraph 109.

(c) As previously explained, the ability to outsource the provision of OOH lowers barriers to entry for FOP services and therefore potentially increases choice.

(ii) In respect of **referrals**, IVC vets recommend providers on impartial clinical grounds (see above) and operating an integrated business model can increase the quality of the choice available to pet owners, for example by providing access to internal expertise (including advice which is often provided free of charge to the pet owner) within IVC's internal network, and shared best practice.

9.12 It is therefore important that the CMA focuses broadly on the benefits of different models of service provision to customers, without narrowly focusing on choice for its own sake.

Quality

9.13 The CMA rightly recognises that quality of treatment is an important outcome. However, IVC is concerned that the CMA considers that *"it may not be necessary to undertake an in-depth assessment of quality outcomes,"*[46] in part due to data challenges.

9.14 Quality is a critically important outcome in a healthcare market such as veterinary care. The CMA cannot seek to properly understand price trends or other competitive and customer outcomes without reference to quality. A key trend in the sector, which corporatisation has facilitated, is an increase in standards and the provision of higher quality pet care. IVC as a corporate group provides higher quality care by ensuring better training, support and review, providing large volumes of data to the profession as a whole, and investing in better equipment and premises.

9.15 The CMA should also seek to explore customer satisfaction as a measure of overall customer outcomes, including quality.

10. Remedies

10.1 In considering remedies, the CMA needs to recognise the nature of veterinary services. In particular:

(i) The process of assessing patients, consulting with pet owners on treatment options, and administering treatments cannot be viewed only through the lens of competition analysis – it must also balance a **range of medical, ethical and moral considerations and ultimately animal welfare**, which often require complex judgments by licensed professionals. For instance, and as outlined above, IVC would caution strongly against a purely menu-based approach to setting out options for care. The professional guidance and experience of the vet in making what may be difficult decisions is a critically important element of the service that a customer is looking for from a practice.

(ii) **Veterinary services are not commodity services**. For example, IVC notes that the CMA intends to explore whether the availability of comparison tools could be

[46] Issues Statement, paragraph 114.

expanded in the veterinary services space.[47] There is a clear danger that a simple price comparison results in consumers being misled, or in various other unintended consequences, e.g.: vets being incentivised to reduce quality in order to reduce price; vets being forced to raise prices for treatments that are less amenable to comparison (resulting in those less comparable treatments no longer being affordable); and/or practices no longer generating sufficient revenue to incentivise investment, negatively impacting their ability to maintain standards and choice of care.

(iii) There is a **multitude of different treatments (and medicines)** which will also vary by species and often by weight. Full access by consumers to all prices on all possible treatments (by species and weight) and/or medicines (by species and dose) is highly unlikely to be helpful to pet owners in making an informed choice.

(iv) The "**right" amount of information to present to a pet owner on treatment options and costs is nuanced and context-specific** (see above at paragraph 3.17 insights from IVC's Vet Qualitative Research). More information is not necessarily better.

10.2 IVC has already indicated to the CMA its willingness to sign up to various transparency remedies, including publishing uniform price lists for specifically designated "entry point" services in-clinic and online.

10.3 IVC sees no basis for seeking to impose price controls, e.g. maximum prices or mark-ups. Price controls are a very intrusive market intervention, and prone to lead to distortions in competitive outcomes - both in general, but also when targeted at narrow price points (e.g. prescription fee or the price of medicines), without considering how prices are set across treatments and services in the round. IVC refers the CMA to its "teach in" in which it explained the role of medicines in the economics of a FOP practice. In addition, as outlined above, there is a multitude of different treatments (and medicines) which will also vary by species and often by weight, which would likely make any kind of price control unworkable in practice.

10.4 Similarly, IVC sees no basis for divestments or other "market opening" remedies.

10.5 As above, the CMA should use this opportunity to recommend government action to address the key challenge facing the industry, i.e. the shortage of vets.

[47] Issues Statement, paragraph 137.