

VETS MARKET INVESTIGATION

Summary of roundtable discussion held via MS Teams on 26 September 2024

Introduction

1. The following is a summary of points raised in a roundtable discussion with veterinary surgeons who have set up independent veterinary practices in the UK in recent years and one business consultant who advises vets on matters including setting up a new practice.
2. In advance of the roundtable discussion, the Chair of the Inquiry Group gave an introduction to the CMA's market investigation, setting out the key stages in the investigation, the evidence we were collecting, the key issues under consideration and the categories of remedies that might be appropriate, should the Inquiry Group find one or more adverse effects on competition (AEC).
3. The roundtable discussion focused on the following issues:
 - Setting up a practice
 - Building a client base
 - Medicines and the cascade
 - Regulation

Setting up a practice

4. Attendees discussed some of the barriers they had encountered in setting up a veterinary practice. These included finance, administrative burdens, planning permission, staffing and purchasing medication. A view was expressed that the complexity of setting up a practice came from coordinating all of these challenges and that the process, while highly challenging, was ultimately achievable. One attendee said that the coordination was much more challenging for an independent than a large corporate group as a large corporate group could absorb the financial risk of delays. Another attendee said that over the last three years they had seen an increase in new practices.

5. Attendees discussed their varying experiences of financing setting up their practices. Some attendees told us they had used debt finance whilst others were able to fund solely through personal capital or both. Most of the attendees said that they selected their premises with future expansion in mind. One attendee said that staffing costs were, and would continue to be, a key factor in financing the set up and operation of a practice. They said that they had to try and match the salaries and benefits provided by the large corporate groups to attract staff. Another attendee referred to Northern Ireland and noted they had seen a statistic that the number of RVNs practicing there equated to less than one veterinary nurse for each practice.
6. Some attendees said that the opportunities to purchase a practice from a retiring vet had decreased. They partly attributed this to the large corporate groups' capacity to offer large sums to purchase practices. Some attendees said they intended to keep their practices independently owned and partnership based, with one of the drivers for this to be to provide a familial and mentoring culture. One attendee said they had set up schemes to provide their staff the opportunity to earn shares in the business through provision of their time as opposed to upfront capital investment.
7. Another attendee said that they had experienced more regulatory burdens in setting up a practice in comparison to ten years ago, specifically in satisfying planning regulations for the premises. One attendee also said that provision of out of hours was a barrier and constraint to expansion.
8. Some attendees spoke about the importance of setting the right price points when establishing their business and that pitching it correctly compared to local competitors could be a selling point. One attendee said they used vaccines and neutering as loss leaders.

Building a client base

9. Most attendees said that they did not invest in much paid marketing to attract clients as marketing was largely done through social media and word of mouth around the community. One attendee spoke about building relationships with dog walkers and groomers. Attendees spoke about the importance of Google (and Google reviews) in driving business to their surgery. However, one attendee expressed concern that competitors could pay to appear above their vet practice on Google.
10. Some attendees said that their reputation in the community as veterinary surgeons at independent practices led to new clients registering. One attendee said that they benefitted from clients switching to their practice after another practice was acquired by a large corporate group because staff had

left that practice and prices had increased. Another attendee said that they thought clients were becoming more aware of a difference between the corporate groups compared to independently owned practices and that this had benefited them as people had sought them out because they were independent.

11. One attendee said that price lists online had drawn new clients to their practice. Another attendee told us that they had been working at a corporate group and a disagreement on price increases, which they described as extortionate, had led to them handing in their notice and starting their own practice. They said that consultation fees at a corporate practice local to them had gone up by between £15-20 and in that same period their own had increased by £2. Another attendee said they thought some of the prices charged by corporately owned vets were shocking.

Medicines and the cascade

12. Attendees told us that clients could obtain some medicines at a lower price online than they would pay if they bought it from an independent practice given the price the practice would have to pay a wholesaler.
13. Attendees were frustrated at the ability of the large corporate groups to get large discounts on medicines, although one attendee noted that the volume of the medicines the large corporate groups purchase would also make them cheaper. One attendee said that they had been able to benefit from being part of a buying group.
14. There was a discussion about the Cascade (which covers the rules governing when a human version of a medicine may be prescribed by a vet for a household pet). Most attendees expressed frustration at the higher cost of medicines that are licenced for animals compared to the human version (which might have previously been used as part of the cascade). Another attendee said that they understood the intention behind the cascade – to provide an incentive for research and development of animal specific drugs – but noted that some of the outcomes had a negative impact on animal welfare.

Regulation

15. All the vets agreed that being part of the RCVS Practice Standards Scheme required upfront costs and ongoing time commitments, especially due to the lack of guidance or templates provided. Some attendees noted that it was easier for the large corporate groups to manage this process as often there was a dedicated compliance person who undertook these tasks. Most

attendees questioned the value of the scheme due to the lack of pet owners' understanding or appreciation for it.

16. One attendee said that they displayed their prices on their website and that no one else in the area did that – they noted that they did not understand why that was not something vets should be doing. One attendee said that after acquisition of an independent practice the new owners should be compelled to make customers aware of the change. Another attendee noted the disparity in regulation as a veterinary surgeon compared to institutions that own practices; that the individual vets were regulated but the businesses were not.

Appendix: List of organisations represented at the discussion

[✂
✂]