

Veterinary services for household pets in the UK

VetPartners' response to the CMA's working paper on the analysis of local competition of 6 February 2025

(submitted 21 March 2025)

1. Introduction

- 1.1. VetPartners welcomes the opportunity to submit comments on the CMA's working paper on the analysis of local competition dated 6 February 2025 (the "**Local Competition WP**"). Our comments below are not exhaustive. The fact that VetPartners does not expressly respond to a point in the Local Competition WP does not necessarily imply that VetPartners agrees with it.

2. There is no evidence of an increase in local concentration due to LVG ownership

- 2.1. The CMA's headline, repeated throughout the CMA working papers and communications that, LVGs now own 60% of FOPs, is potentially misleading and unhelpful. Indeed, as the CMA's analysis in the working paper on business models, provision of veterinary advice and consumer choice dated 6 February 2025 (the "**Business Models WP**") shows, VetPartners' share of the total number of small animal FOPs in the UK – which the CMA says is an "upper bound" – is relatively low (10%).¹
- 2.2. Further, the CMA's own evidence finds that "*the supply of FOPs is not generally concentrated, with 85% of FOPs competing with at least three local rivals*".² This clearly demonstrates that the UK market for veterinary services remains fragmented and dynamic, with a significant number of competing market players operating in it. A small majority of practices are owned by *six different* LVGs, each with a different business model and offering to customers, whilst 40% of practices are independent or part of smaller chains (many of whom are members of buying groups). VetPartners' practices experience significant local competition from a wide range of independents, LVG-owned practices, mobile services and online services.

3. The CMA's analysis fails to account for a large portion of the market for veterinary services

- 3.1. VetPartners has several concerns in relation to the CMA's local competition analysis:
 - a) The analysis omits 2,605 unconfirmed sites.³ As these sites account for over 40% of the total number of sites identified by the CMA (6,309), the inclusion of these would alter the picture of local concentration significantly. The CMA has also excluded from its analysis around 1,000 independent practices which did not respond to the survey.⁴ Consequently, the CMA's results are almost certainly an overestimation of the number of concentrated local areas.
 - b) The CMA's analysis also excludes charities, home visits, mobile services and online services, all of which exert significant competitive pressures on VetPartners' practices. ✂.

¹ Business Models WP, Table 1.3.

² Local Competition WP, summary, para 5.

³ Local Competition WP, para 2.16.

⁴ Local Competition WP, para 2.10.

- c) As the CMA acknowledges, the CMA's site-based concentration measure likely overstates the level of local concentration. Overlapping catchment areas from multiple sites owned by the same LVG (and in some cases the same practice) inflate the number of monopolies compared to analysing broader geographic markets, for example at the town level.⁵
 - d) Related to point (c), the CMA's approach of considering competition at a site rather than practice level ignores the industry reality. As explained to the CMA in previous submissions,⁶ ✗. Therefore, identifying a particular site within a practice as a monopoly or duopoly is meaningless, because customer outcomes at that site will be driven by decisions at the practice level and other sites in the practice may face significant local competition.
 - e) Start-up practices open up all the time. If there are areas with a relatively low number of sites, that is likely to be because there is insufficient demand.
- 3.2. VetPartners' external advisers also identified additional concerns regarding sites that VetPartners' advisers have confirmed to be operational to the best of their knowledge, but that appear to have been missed, or have been excluded from the CMA analysis. This, and other discrepancies already highlighted on behalf of VetPartners may further impact on the CMA analysis.⁷ Please refer to **Annex MI-03559** for VetPartners' external advisers' detailed explanation of the discrepancies and their impact on the local concentration analysis for VetPartners' FOP sites. Please also refer to **Annex MI-35560** for the technical analysis. The underlying data for this analysis is submitted as **Annex MI-03561** (for the list of missing sites) and **Annex MI-03562** (for the fascia count summaries).

4. In the absence of any local concentration, there is no evidence to support a finding of adverse effects on competition

- 4.1. Even (erroneously, as set out above) excluding a large number of competitors, the CMA finds that 99% of sites face competition from at least one other competitor (and 77% have at least 5+ competitors).⁸ For the remaining 1%, the CMA acknowledges that the majority of these are in coastal areas or on islands,⁹ where demand is lower due to lower population density, and people travel further to access veterinary services. ✗.¹⁰
- 4.2. Furthermore, consistent with the CMA's findings set out above, the competitive nature of the veterinary sector means that VetPartners has invested significantly in (a) attracting and retaining vets and nurses, and (b) maintaining and improving the quality of the services provided by the VetPartners practices through extensive training and other investments. VetPartners also continued to do so despite the significant cost pressures faced by the sector. See also VetPartners' response to the Business Models WP, *Section 3(A)*.

⁵ Local Competition WP, para 2.54.

⁶ See, for example, VetPartners' response to the CMA's request for information of 13 September 2023 (MR, RFI 1) (submitted 11 October 2023), Questions 12, 13 and 28.

⁷ Email from VetPartners external lawyers (Milbank) sent to the CMA on 11 March 2025, with a follow-up email of 20 March 2025.

⁸ Local Competition WP, para 2.51.

⁹ Local Competition WP, para 2.52.

¹⁰ ✗.

5. The CMA's analysis of out of hours ("OOH") services fails to properly characterise the nature of OOH services at FOPs

- 5.1. VetPartners is concerned that the CMA's analysis may provide a skewed view of the market, which is not reflective of reality, in that the CMA's analysis of 'outsourced' OOH includes (and does not fully distinguish between) sites outsourcing to another site (i) within the same 'practice', (ii) within the same 'group', and (iii) outside the 'group'.
- 5.2. The CMA should be mindful of the fact that multi-site practices operate as a single economic unit, with a large degree of resource-sharing between sites, and there are no formal OOH agreements between them (at least in the case of VetPartners practices). Further, clients from all sites within the same practice (including the OOH site) are included in a single practice management system.
- 5.3. Accordingly, this is equivalent to 'in-house' provision of OOH services, and the VetPartners sites that offer OOH services in-house (i.e. only to other sites within the same practice) should be excluded from the CMA's analysis of local competition. ✕.¹¹
- 5.4. Sites that exclusively provide OOH services within their practice should also be excluded when calculating the catchment areas as more advanced and dedicated OOH providers that provide OOH services to third parties are likely to attract clients from a significantly larger catchment area. This may be greater than the typical distances between sites in multi-site practices. Therefore, the drive time for the catchment areas may be underestimated in the CMA's analysis. ✕.¹²
- 5.5. Regardless, as acknowledged by the CMA, the fact that most sites tend to *outsource* OOH suggests that there is less demand in each local area compared to FOP services¹³. As such, there is unlikely to be scope for increasing the number of competitors in the limited number of local areas with higher concentration. Further, practices that provide OOH services to third parties also compete with FOPs that provide (or can provide) the OOH service internally for their own clients. FOPs have the option to either provide the services themselves or to outsource the service to a third-party OOH provider.
- 5.6. Finally, VetPartners is aware of some FOPs that provided OOH services in the past but did so in a way which compromised animal care (e.g. where the pet was left alone overnight and visited only occasionally rather than monitored continually). Therefore, VetPartners believes that the development of OOH services towards more dedicated OOH providers has had a positive impact on the sector, as it has improved the employment conditions for vets and nurses at most FOPs and greatly improved animal care and welfare.
- 5.7. The CMA also noted that the RCVS requires that, where a FOP outsources its OOH provision, it does so to a provider who meets at least the same standards.¹⁴ In any follow-up work, there would be no practical basis for limiting the assessment of OOH to specific sites that meet the

¹¹ ✕.

¹² Local Competition WP, para 3.16.

¹³ Local Competition WP, summary, para 7.

¹⁴ Local Competition WP, para 3.29.

same PSS standard. The RCVS requirement referred to by the CMA is a requirement under the PSS, and it is therefore not a general RCVS requirement for all practices.

6. The CMA’s analysis on referral services does not fully capture the competitive constraints in the market

6.1. VetPartners welcomes the CMA’s acknowledgement that referral services can be offered in a number of ways.¹⁵ VetPartners has previously informed the CMA on various occasions that there is no industry definition of referral services.¹⁶

6.2. The CMA’s analysis significantly underestimates the level of competition for ‘referral services’ in that:

a) The analysis excludes competition from other providers such as universities and peripatetic specialists that make up a significant part of the market;

b) The analysis excludes the competitive constraints from FOPs that may not be Referral Centres, but which:

- may employ vets that can offer similar referral type services. In some cases, the vet may still only perform such services for the practices’ own clients, but there is nothing that would prevent that vet from offering the service to other practices (generally as they become more experienced, and comfortable with marketing their own expertise);
- offer alternative treatments that are aimed at treating the same condition or disease.

c) The CMA’s analysis is based on geographic markets that are unduly narrow. ✗.

6.3. ✗:¹⁷

a) ✗.

b) ✗.

6.4. To consider individual specialisms in any follow-up work by the CMA would be very challenging and time consuming. The provision of referral type services is a growing and dynamic market that is mainly driven by the professional skills and interests of individual veterinary surgeons. Therefore, the specific services offered by a practice will often change over time (e.g. veterinary surgeons with certain skills moving from one practice to another, or upskilling).¹⁸

¹⁵ Local Competition WP, para 4.2.

¹⁶ See e.g., VetPartners’ response to the CMA Issues Statement of 9 July 2024 (submitted 30 July 2024), para 2.1-2.4.

¹⁷ The CMA also included several VetPartners sites that, although may provide some referral services, are not classified as Referral Centres according to the definition in RFI 9.

¹⁸ See for example VetPartners’ response to the CMA’s Issues Statement of 9 July 2024 (submitted 30 July 2024), para 2.3.