

VETERINARY SERVICES FOR HOUSEHOLD PETS

Appendix I: Supporting evidence for Section 11: Veterinary medicines

15 October 2025

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The Competition and Markets Authority has excluded from this published version of the final report information which the inquiry group considers should be excluded having regard to the three considerations set out in section 244 of the Enterprise Act 2002 (specified information: considerations relevant to disclosure). The omissions are indicated by [X]. Some numbers have been replaced by a range. These are shown in square brackets. Non-sensitive wording is also indicated in square brackets.

Contents

1.	Analysis of gross contribution of medicine sales to the overall profitability of FOPs....	5
	Our approach to estimating the gross contribution of medicines sold as distinct products to the overall profits of a FOP	5
	Revenues from the sale of medicines as distinct products.....	6
	Revenues from fees associated with the sale of medicines within FOPs.....	6
	Purchase costs for medicines sold as distinct products	7
	Other costs associated with the sale of medicines as distinct products	7
	Results from our analysis of the gross contribution of medicines sold as distinct products to the overall profitability of a FOP	8
2.	Analysis of prices for veterinary medicines.....	10
	Data 10	
	Retail prices for veterinary medicines	10
	Information on prescribed volumes of veterinary medicines	12
	Prescription and dispensing fees	12
	Methodology.....	13
	Analysis of percentage price differences.....	13
	Analysis of overall financial savings	13
3.	Analysis of veterinary medicine purchases by FOPs and online pharmacies.....	15
	Data 15	
	Results 16	
	Administrative forms of veterinary medicines	16
	Treatment categories of veterinary medicines.....	17
4.	Additional analysis of manufacturer rebates obtained by FOPs and third-party retailers.....	18
	Analysis of rebates obtained from the nine largest manufacturers of veterinary medicines in the UK.....	18
	Data and methodology	18
	Results 20	
	Analysis of rebates obtained on the 35 top selling products supplied by seven manufacturers of veterinary medicines	21
	Data and methodology	21
	Analysis.....	21

Tables

Table 1.1 : Gross contribution of medicines sold as distinct products and relationship to operating profits and other operating costs.....	8
Table 2.1 : Average prescription and dispensing fees charged by [X] and [X] FOPs	13
Table 3.1 : POM-V products for household pets purchased [X] by FOPs and online pharmacies by administration form in the UK, 2024	16

Table 4.1 : Categorisation of buying groups and membership schemes operated by buying groups by manufacturers (2024).....	19
Table 4.2 : Analysis of rebates obtained from each manufacturer by customer types in the UK (2024)	20
Table 4.3 : Analysis of the rebates obtained by different customers for the top 5 products across seven manufacturers.....	22

Figures

Figure 3.1 : POM-V products for household pets purchased [⌂] in the UK, 2014 – 2024.	16
Figure 3.2 : Proportion of POM-V products for household pets purchased at reference to [⌂] by online pharmacies by administration form in the UK, 2014 – 2024	17

1. Analysis of gross contribution of medicine sales to the overall profitability of FOPs

- 1.1 This sub-section sets out our estimates of the gross contribution that medicines sold as distinct products make to the profits of FOPs owned and operated by five LVGs: [X], [X], [X], [X], and [X]. This analysis supports our provisional view that the sale of veterinary medicines makes an important contribution to the profitability of FOPs.
- 1.2 Gross contribution is calculated by taking the value of sales revenue and deducting direct (variable) cost of sales to produce a profit figure. This resultant profit figure is described as gross contribution as it contributes to covering the costs of a business, in this case the running costs of a FOP, which also need to be recovered for a viable business. We include in our analysis the revenues directly raised through the sale of medicines as distinct products, the purchase costs of these medicines, and revenues from the fees associated with provision of medicines to pet owners at these FOPs.
- 1.3 Our estimates of the level of gross contribution from the sale of medicines for five of the LVGs ([X], [X], [X], [X], and [X]) shows that medicines account for a large proportion of the overall profits of FOPs, thereby enabling these businesses to recover a significant proportion of all other costs of running a FOP.
- 1.4 We note that the scope of our analysis of gross contribution from the sale of medicines differs from our provisional profitability analysis of the overall FOP business of these businesses. We consider only veterinary medicines sold as distinct products for household pets (in line with our assessment of competition between FOPs and third-party retailers in the supply of veterinary medicines), whereas our provisional profitability analysis relates to all veterinary activities carried out by LVGs in the UK.

Our approach to estimating the gross contribution of medicines sold as distinct products to the overall profits of a FOP

- 1.5 Here we set out the components of revenues and costs we include in our analysis of the gross contribution that medicine sales make to the profits of FOPs. We highlight the challenges in isolating these components, for example where data is limited, or revenues or costs are common across the range of veterinary services that are provided within a FOP.

Revenues from the sale of medicines as distinct products

- 1.6 Our provisional assessment of competition between FOPs and third-party retailers in the supply of veterinary medicines focuses on instances where pet owners wish to purchase prescribed medication from a third-party retailer and it is appropriate to do so (where the medication can be easily administered by the pet owner and is prescribed in a non-urgent context or is a preventative treatment).
- 1.7 Our analysis of the gross contribution that medicine sales make to the profits of FOPs therefore focuses on the sale of medicines as distinct products. We define these sales as medicines sold separately to pet owners at an itemised price independent from any treatment that might have been provided at the FOP.
- 1.8 This definition may also capture medicines that are sold on a distinct basis as part of a wider veterinary service at a FOP, for example where this medication has been invoiced separately from other component parts of the overall service. We would not consider revenues from these medicine sales to be relevant to our provisional assessment of competition between FOPs and third-party retailers as it would not be appropriate for pet owners to purchase this medication from a third-party retailer. We do not consider the inclusion of these revenues to make a material difference to the estimates we provide as part of our analysis.
- 1.9 This definition would not capture medicines that are provided as part of pet care plans. Pet care plans typically cover (partially or in full) the costs of certain veterinary medicines (such as preventative treatments for fleas and worms) and may also include discounts for other medication prescribed by a vet.¹
- 1.10 It is not possible to identify revenues from the sales of medicines through pet care plans from revenues earned from other products and services sold through pet care plans. We are therefore unable to ascertain the gross contribution of the provision of these medicines provided independently of an assessment of the gross contribution that pet care plans provide to the profits of FOPs. We have not sought to consider this as part of our analysis.

Revenues from fees associated with the sale of medicines within FOPs

- 1.11 When a vet prescribes medication, pet owners will typically be charged additional fees to access the prescribed veterinary medicine.² The total cost of accessing medication for a pet owner is therefore the retail price of the veterinary medicine and the additional fees charged by a FOP.

¹ As set out in part A, section 9: Pet Care Plans.

² As set out in part A, section 11: Veterinary Medicines, sub-section FOPs charge a range of fees in relation to veterinary medicines.

- 1.12 Administration, injection, and dispensing fees generate revenue from the sale of medicines for FOPs in addition to the revenues from the sale of medicines as distinct products. We have therefore included revenues from fees associated with the sale of medicines within FOPs as part of our analysis.
- 1.13 We do not include revenues from prescription fees as part of our analysis. This is because these revenues are not related to the sale of medicines within FOPs (which is the focus of our analysis) but the provision of a written prescription to allow a pet owner to purchase medication from a third-party retailer.

Purchase costs for medicines sold as distinct products

- 1.14 We have derived estimates for the purchase cost of medicines sold as distinct products from the revenue figures we have obtained from the sale of medicines as distinct products. We have been able to do this using information provided by each LVG on the manufacturer rebates and wholesale discounts obtained on medicines as well as the mark-up on manufacturer list prices typically applied to these distinct products when setting retail prices.
- 1.15 Information provided by LVGs on manufacturer rebates and wholesale discounts included in our analysis may well include medicines not sold as distinct products by their FOPs (for example medicines provided through a pet care plan). This will impact our estimates of gross contribution for medicines as our estimates of mark-up on 'net net' prices will include manufacturer rebates and wholesale discounts for medicines not sold as distinct products. LVGs were unable to provide us estimates of manufacturer rebates and wholesale discounts obtained only on medicines sold as distinct products as they could not identify these from other medicines sold by their FOPs.

Other costs associated with the sale of medicines as distinct products

- 1.16 We understand that there are various other costs faced by FOPs in relation to the supply of veterinary medicines. These costs may be recovered by the administration, injection, and dispensing fees charged by FOPs as well as the mark-up applied to the 'net net' prices of medicines.³
- 1.17 We were, however, unable to obtain robust estimates for these costs. This is because incremental costs associated with the sale of veterinary medicines are not monitored during the ordinary course of business by LVGs.⁴ Our estimates of

³ As set out in part A, section 11: Veterinary Medicines, sub-section FOPs charge a range of fees in relation to veterinary medicines, and part A, section 11: Veterinary Medicines, sub-section Veterinary medicines are sold at several times their purchase costs by FOPs.

⁴ As set out in part A, section 11: Veterinary Medicines, sub-section Veterinary medicines are sold at several times their purchase costs by FOPs.

the gross contribution of medicine sales as distinct products to the overall profitability of a FOP may be overstated due to not including these costs in our analysis.

Results from our analysis of the gross contribution of medicines sold as distinct products to the overall profitability of a FOP

- 1.18 Our analysis of the gross contribution that medicines sold as distinct products make to the profits of FOPs includes those owned and operated by five LVGs: [X], [X], [X], [X], and [X].
- 1.19 We have not been able to include FOPs owned and operated by [X] as part of our analysis. [X].
- 1.20 Our estimates of gross contribution show that profits from the sale of medicines sold as distinct products are important to the overall level of profits generated by FOPs, with this gross contribution typically more than the operating profit of FOPs. This is shown in Table 1.1 below.

Table 1.1: Gross contribution of medicines sold as distinct products and relationship to operating profits and other operating costs

	Financial year end	Gross contribution £m	Operating profits £m	Ratio of gross contribution to operating profits	Other operating costs £m	Gross contribution as a % of other operating costs
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]
[X]	[X]	[X]	[X]	[X]	[X]	[X]

Source: CMA analysis.

Note 1: Operating profits relate to the operating profits of small animal local clinics as per RFI 6 (financial information).

Note 2: Other costs relate to all costs associated with local clinics except for medicine purchases and any other 'cost of sales purchases' identified by LVGs within their RFI 6 analysis

- 1.21 Table 1.1 also sets out the operating costs incurred by FOPs that do not relate to medicine purchases or other third-party cost of sale items. This gives an indication of the scale of unattributed costs which FOPs included in our analysis are seeking to recover from revenues across the veterinary services they offer.
- 1.22 The variation in the (i) ratio of gross contribution to operating profits and (ii) the ratio of gross contribution to other operating costs (other than medicine purchases or other third-party cost of sale items) may reflect the ability of each LVG to identify and provide the information we requested for this analysis. We do not interpret this variation as indicative of material differences across LVGs in the contribution of medicines to the profits of their businesses.

- 1.23 We cannot form a view as to the significance of the contribution of medicines to the overall profits of FOPs compared with the contribution of other veterinary services they provide. This means that we are unable to evidence through financial analysis the views of stakeholders that the contribution from the sale of medicines supports the provision of other veterinary services by FOPs at lower prices.

2. Analysis of prices for veterinary medicines

- 2.1 We have considered the percentage price differences between FOPs and online pharmacies as well as the overall financial savings that could be available to pet owners when purchasing commonly prescribed medication from an online pharmacy as part of our provisional assessment.
- 2.2 In this section we set out:
 - (a) The data used in both our analysis of percentage price differences and overall financial savings; and
 - (b) The methodology we have used for each of these pieces of analysis.
- 2.3 The results from our analysis are set out in part A, section 11: Veterinary Medicines, sub-section Prices for veterinary medicines at FOPs and online pharmacies.

Data

Retail prices for veterinary medicines

- 2.4 We have used data on unit retail prices for veterinary medicines sold for both our analysis of percentage price differences and overall financial savings.
- 2.5 We obtained data on the 100 top selling veterinary medicines sold as distinct products in 2024 (by revenues) from the three LVGs that own both FOPs and online pharmacies: CVS (Animed), IVC (PDOL), and Vet Partners (VetUK).
- 2.6 We requested this information for medicines sold as distinct products and itemised on pet owners' bill (excluding those which are sold through pet care plans or bundled with other services). We requested volumes in units of medicine, which we defined as a single tablet, gram, or millilitre.
- 2.7 The data we obtained included the following information about each medicine at each type of business (FOP or online pharmacy) and for each LVG.
 - (a) Product specifications such as product name, brand name, distributor, legal classification, therapeutic group, active substances, pharmaceutical form, target species, and strength; and
 - (b) Financial information such as total revenues, units sold, purchase costs, and units purchased.

- 2.8 FOPs owned by two of these LVGs often set their own prices for the medicines they sell. This means there is not a uniform price for each medicine at each FOP owned and operated by these LVGs. We sought to address this by asking for revenues associated with the sale of each medicine and the volume sold to calculate the average unit price of each medicine. This calculation was included in the information we gathered from the LVGs.
- 2.9 The LVGs encountered some challenges in providing the data we requested and included some caveats in their responses. We outline these below and explain our approach to dealing with them.
- 2.10 One LVG ([REDACTED]) provided median unit prices for their FOPs. It told us these prices gave a more accurate picture of unit prices because the sales revenue figures were distorted by discounted medicines sold through pet care plans.⁵ As our analysis aimed to focus on the standalone prices of medicines and not those discounted through pet care plans, we used the median unit price it provided for its FOPs instead of calculating the average. We still estimated the average unit price for its online pharmacy by dividing revenues by volumes because these revenues are not impacted by Pet Care Plans, and prices are set centrally.
- 2.11 Another LVG ([REDACTED]) noted that many products are sold in a range of different pack sizes, each with substantially different prices per unit, meaning that aggregating across pack sizes would introduce mix issues and distort comparisons.^{6,7} We accepted this representation and used individual unit prices for each pack size to enable more meaningful analysis.
- 2.12 This LVG ([REDACTED]) also noted that some products in its submission showed negative average unit mark-ups (retail prices lower than purchase costs) due to timing mismatches between when products were purchased and sold, as well as price changes during the time period.⁸ To ensure the reliability of our analysis, we excluded these products from our sample as outliers.
- 2.13 Another LVG ([REDACTED]) calculated unit prices per pack rather than per unit as sourced directly from the wholesaler records because the per unit data would have required significant manual effort to obtain.⁹ The LVG could not easily provide information on pack sizes, which is necessary to determine the quantity of medicine that each unit price relates to. We were able to calculate the percentage difference between online pharmacy and FOP prices by matching products across the two datasets from the same LVG. However, we could not estimate the overall

⁵ LVG response to RFI [REDACTED].

⁶ LVG response to RFI [REDACTED].

⁷ Pack size refers to the quantity of units (e.g. tablets, or millilitres) contained within the pack of medicine sold. For example, a pack might contain 30 tablets, or 100ml of liquid.

⁸ LVG response to RFI [REDACTED].

⁹ LVG response to RFI [REDACTED].

financial value of annual savings to a pet owner for each medicine (including prescription and dispensing fees) because this requires information on the quantity of medicine, so we excluded the LVG ([REDACTED]) from this analysis.

Information on prescribed volumes of veterinary medicines

- 2.14 In addition to data on unit retail prices for veterinary medicines, we used information on the volume of medication prescribed by vets to estimate the overall financial savings that could be available to pet owners when purchasing from an online pharmacy rather than a FOP.
- 2.15 We requested information from the Vet Advisory Panel to understand how veterinary professionals would typically prescribe the medicines in our sample. The information provided included:
- (a) **Dosage.** How regularly does a pet have to take the medication, and how much do they take each time (for example, once daily, twice daily or once monthly).
 - (b) **Length of treatment.** How long the pet is typically taking the medication for (for example, one week, one month, or for life).
 - (c) **Number of prescribing events required each year.** In the case of repeat prescriptions, how many times a vet would need to see the pet and provide a new prescription in a year.
- 2.16 We supplemented this information by using the data sheets from the National Office of Animal Health (**NOAH**) on the veterinary medicines included in our sample. These data sheets outline the dosage and administration information of veterinary medicines and can be accessed on NOAH's website.¹⁰

Prescription and dispensing fees

- 2.17 We accounted for the fees associated with the provision of veterinary medicines in our analysis of overall financial savings.
- 2.18 We used the average dispensing and prescription fees charges by each LVG FOPs for our analysis.¹¹ These are set out in Table 2.2 below.

¹⁰ [NOAH website datasheets](#), (accessed 2 October 2025).

¹¹ CMA analysis of RFI8 responses from [REDACTED] and [REDACTED]

Table 2.1: Average prescription and dispensing fees charged by [X] and [X] FOPs

	<i>Dispensing fee</i>	<i>Prescription fee</i>
[X]	[X] [£10-20]	[X] [£20-30]
[X]	[X] [£10-20]	[X] [£20-30]

Source: CMA analysis of RFI8 responses from [X] and [X]

Methodology

Analysis of percentage price differences

- 2.19 We matched veterinary medicines which appeared in the unit retail price data of both the FOPs and online pharmacy of three LVGs. This allowed us to create a dataset of a sample of veterinary medicines with their FOP and online pharmacy unit retail prices.
- 2.20 We used the brand names, active ingredients, pharmaceutical form, target species, product strength, and pack size when matching veterinary medicines to ensure products were like-for-like matches in our dataset.
- 2.21 For the Own Brand products sold at CVS- and IVC-owned FOPs, we matched these veterinary medicines to their clinically equivalent products with the same active ingredients, pharmaceutical form, target species, and product strength that are available from CVS- and IVC-owned online pharmacies for the comparison.
- 2.22 Once our dataset had been created, we estimated the percentage price difference for each veterinary medicine in our sample by using the calculation below.

$$\text{Percentage price difference} = \frac{(\text{Retail price at FOP} - \text{Retail price at online pharmacy})}{\text{Retail price at FOP}} \times 100$$

Analysis of overall financial savings

- 2.23 Our analysis of overall financial savings uses the matched products only for two LVGs: [X] and [X] (as explained above).
- 2.24 We extended the dataset used in our analysis of percentage price differences to include information on dispensing and prescription fees as well as information on prescribed volumes of veterinary medicines.
- 2.25 Where a range of dosage information was provided by members of the Vet Advisory Panel, we used the midpoint of this range for our analysis of overall financial savings. This midpoint was estimated as the average of the maximum and minimum in the range. The dosage information provided by members of the Vet Advisory Panel varied significantly as dosages of veterinary medicines often varies significantly across the species, size, and condition of a pet.

- 2.26 We estimated the overall financial savings available to pet owners when purchasing a given volume of prescribed medication from an online pharmacy rather than a FOP using the following calculations.

FOP cost = (unit cost of medicine × number of units prescribed per year) + (number of prescribing events × average dispensing fee)

Online pharmacy cost = (unit cost for medicine × number of units prescribed per year) + (number of prescribing events × average prescription fee)

Overall financial saving = FOP cost – Online pharmacy cost

- 2.27 We have not included delivery fees (that could be charged by online pharmacies in addition to the price of medication) or the administration and injection fees (that could be but are not always charged by vets for administering medication to a pet within a FOP). We do not expect the exclusion of these fees to make a material impact on our estimates of overall financial savings available to most pet owners when purchasing medication from an online pharmacy rather than a FOP.

3. Analysis of veterinary medicine purchases by FOPs and online pharmacies

- 3.1 We have considered the use of FOPs and online pharmacies by pet owners as well as how this usage may differ depending on the type of medication their pet has been prescribed.
- 3.2 In this section we set out:
- (a) The data used in our analysis of the use of FOPs and online pharmacies by pet owners; and
 - (b) Additional results from our analysis that are not included in part A, section 11: Veterinary Medicines, sub-section Use of FOPs and third-party retailers by pet owners.

Data

- 3.3 We have used data obtained from [redacted] in this analysis.¹²
- 3.4 This data allows for a comparison across customer types [redacted] on a 'like for like' basis. [redacted].¹³
- 3.5 The data includes information on:
- (a) Legal category
 - (b) Product name
 - (c) Customer type – whether a customer is a veterinary clinic or an online pharmacy
 - (d) [redacted] – treatment categories of similar medicines determined by [redacted].
 - (e) Value – [redacted].

¹² This data was also used in our analysis set out in the part A, section 11: Veterinary Medicines, sub-section The negotiating power of FOPs and third-party retailers when purchasing medicines section of our provisional report. A description of this analysis is not included in this appendix as the analysis is described in the main text of this chapter.

¹³ For example: [redacted]

Results

- 3.6 The main results of our analysis of the use of FOPs and online pharmacies by pet owners are set out in part A, section 11: Veterinary Medicines, sub-section Use of FOPs and third-party retailers by pet owners.
- 3.7 Below we set out further analysis of the use of FOPs and online pharmacies by pet owners in relation to the administrative forms and treatment categories of veterinary medicines purchased by FOPs and online pharmacies.

Administrative forms of veterinary medicines

- 3.8 Figure 3.1 shows the share of each administrative form of POM-V products for household pets purchased by FOPs and third-party retailers between 2014 and 2024 (inclusive). [REDACTED]

Figure 3.1: POM-V products for household pets purchased [REDACTED] in the UK, 2014 – 2024

[REDACTED]

Source: CMA analysis of [REDACTED] data.

- 3.9 Figure 3.1 also shows that medication administered orally accounted for around half ([REDACTED]) of the POM-V products for household pets purchased by FOPs and third-party retailers in 2024. Injectable medicines and medication with other administrative forms (such as topical or nasal products) accounted for small proportions of these purchases in the same year ([REDACTED] and [REDACTED], respectively).
- 3.10 The composition of POM-V products for household pets purchased by FOPs differs from those purchased by online pharmacies when looking at the administrative form of the medication. This is shown for 2024 in Table 3.1.

Table 3.1: POM-V products for household pets purchased [REDACTED] by FOPs and online pharmacies by administration form in the UK, 2024

	Total purchases		... of which made by FOPs		... of which made by online pharmacies	
	[REDACTED]	% share of total purchases	[REDACTED]	% share of FOP purchases	[REDACTED]	% share of online pharmacy purchases
Oral	[REDACTED]	[50-60%] [REDACTED]	[REDACTED]	[40-50%] [REDACTED]	[REDACTED]	[80-90%] [REDACTED]
Injectable	[REDACTED]	[20-30%] [REDACTED]	[REDACTED]	[30-40%] [REDACTED]	[REDACTED]	[5-10%] [REDACTED]
Other	[REDACTED]	[10-20%] [REDACTED]	[REDACTED]	[20-30%] [REDACTED]	[REDACTED]	[10-20%] [REDACTED]

Source: CMA analysis of [REDACTED] data.

3.11 Figure 3.2 shows that purchases of all administrative forms of POM-V products for household pets by online pharmacies have increased between 2014 and 2024.

Figure 3.2: Proportion of POM-V products for household pets purchased at reference to [REDACTED] by online pharmacies by administration form in the UK, 2014 – 2024

[REDACTED]

Source: CMA analysis of [REDACTED] data.

Treatment categories of veterinary medicines

3.12 The largest three treatment categories accounted for more than half of all POM-V products for household pets purchased by FOPs and third-party retailers in 2024: Small Animal Ectoparasitic ([REDACTED]) ([REDACTED]), Dog Vaccines ([REDACTED]) ([REDACTED]) and Other Dermatologicals ([REDACTED]) ([REDACTED]).

3.13 Only four of these 15 largest categories ([REDACTED]) had a proportion of purchases by online pharmacies of more than 20% in 2024. These categories were:

- (a) Card/Resp stimulants & bronchodilators – [REDACTED] ([REDACTED])
- (b) Other dermatologicals – [REDACTED] ([REDACTED])
- (c) Other hormones & enzymes – [REDACTED] ([REDACTED])
- (d) Oral non-steroidal anti-inflammatory drugs – [REDACTED] ([REDACTED])

4. Additional analysis of manufacturer rebates obtained by FOPs and third-party retailers

- 4.1 We have considered the manufacturer rebates obtained by FOPs and third-party retailers as part of our provisional assessment.
- 4.2 In this section we provide more detail on the data, methodology, and results of our analysis of rebates obtained by FOPs and third-party retailers:
 - (a) From the nine largest manufacturers of veterinary medicines in the UK; and
 - (b) On the 35 top selling products supplied by seven manufacturers of veterinary medicines in the UK.

Analysis of rebates obtained from the nine largest manufacturers of veterinary medicines in the UK

Data and methodology

- 4.3 We obtained the following data from each manufacturer of veterinary medicines (by sales at manufacturer list prices) in the UK:
 - (a) The value of all sales of prescribed veterinary medicines relating to household pets at manufacture list price;
 - (b) The value of rebates paid on these sales; and
 - (c) The average percentage rebate (defined as the value of rebates paid as a percentage of the value of sales at manufacture list price).
- 4.4 This data was obtained from each manufacturer to allow comparison across different customers (such as individual LVGs) as well as across different types of customers (LVGs, members of buying groups, FOPs and third-party retailers that are not part of buying groups). This included Preferred Product and non-Preferred Product membership schemes of buying groups.
- 4.5 This data was then matched across manufacturers using information on the name of the customer or the type of customer to generate one combined dataset.
- 4.6 The data used in our analysis has some limitations. First, when categorising buying groups into Preferred Product and non-Preferred Product categories, manufacturers categorised buying groups differently. The categorisation of buying groups by manufacturers who submitted this information is shown in Table 4.1.

Table 4.1: Categorisation of buying groups and membership schemes operated by buying groups by manufacturers (2024)

<i>Buying groups / membership schemes operated by buying groups</i>	<i>Manufacturers that categorised this as a Preferred Product scheme</i>	<i>Manufacturers that categorised this as a non-Preferred Product scheme</i>
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]		[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]

* Indicates a buying group that switched the type of scheme offered within the year 2024 and was therefore categorised in accordance with the methodology set out below.

Source: RFI Responses from [REDACTED] (page 2), [REDACTED], [REDACTED] (page 3), [REDACTED] (page 5), [REDACTED] and [REDACTED], [REDACTED].

Notes: [REDACTED] submitted that it was unable to allocate data to the multiple membership schemes offered by one buying group [REDACTED]. [REDACTED] RFI response, [REDACTED]. [REDACTED] was unable to allocate data to the multiple membership schemes offered by one buying group ([REDACTED]). The data was therefore allocated to the non- Preferred Product category as this manufacturer understood the majority of purchases were made by members of its non-Preferred Product scheme ([REDACTED] non-Preferred Product scheme, [REDACTED] Preferred Product scheme). [REDACTED] RFI response, [REDACTED].

- 4.7 We understand that manufacturers categorised buying groups in this way as they may not know whether a scheme offers Preferred Products unless one of its own products has been selected as a Preferred Product.
- 4.8 Second, some buying groups switched the type of scheme they offer to members (from Preferred Product to non-Preferred Product, or *vice versa*). Where this occurred, the data we obtained from each manufacturer was allocated as follows:
- (a) For buying groups that switched type of membership scheme between January and June (inclusive), the data was allocated to the new scheme (the type of membership scheme operated by the buying group they operated at the **end** of the year).
 - (b) For buying groups that switched type of membership scheme between July and December (inclusive), the data was allocated to the old scheme (the type of membership scheme operated by the buying group they operated at the **start** of the year).
- 4.9 Third, we note that rebates offered by one manufacturer ([REDACTED]) are not directly comparable to the other manufacturers. This is because this manufacturer

operates a direct distribution model and its rebate information also includes ‘on-invoice’ discounts (similar to the discounts given by wholesalers to FOPs and third-party retailers).¹⁴

4.10 Fourth, the same manufacturer ([REDACTED]) noted that some LVGs negotiate additional global or regional rebates but that these rebates are not included in the data provided.¹⁵

4.11 Fifth, data from one manufacturer ([REDACTED]) includes medicines that are not prescribed veterinary medicines and medicines that do not relate to household pets as it was unable to disaggregate these sales from other sales.¹⁶

Results

4.12 The main results of our analysis of rebates obtained by FOPs and third-party retailers from the nine largest manufacturers of veterinary medicines in the UK are set out in Table 11.9 of Part A, Section 11.

4.13 Table 4.2 shows the weighted average rebate received by each main customer type from each of the nine manufacturers.

Table 4.2: Analysis of rebates obtained from each manufacturer by customer types in the UK (2024)

Manufacturer	All LVGs	All buying groups	Buying groups with Preferred Products	Buying groups without Preferred Products	Other FOPs and third-party retailers
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]

Source: CMA analysis of data from the top nine medicine manufacturers.

4.14 We note that the weighted average rebate obtained by members of buying group membership schemes with Preferred Products was larger than the weighted average for all LVGs for two manufacturers: [REDACTED] and [REDACTED]. For the seven other manufacturers ([REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED][REDACTED]), the weighted average rebate obtained was larger for all LVGs than for members of buying group membership schemes with Preferred Products.

¹⁴ Manufacturer response to RFI [REDACTED].

¹⁵ Manufacturer response to RFI [REDACTED]; Note of a call with manufacturer [REDACTED]

¹⁶ Manufacturer response to RFI [REDACTED].

Analysis of rebates obtained on the 35 top selling products supplied by seven manufacturers of veterinary medicines

Data and methodology

- 4.15 We obtained the following data from seven manufacturers on their five top selling veterinary medicines for the financial year 2023/24 (by sales revenue at manufacturer list prices) in the UK:
- (a) The sales revenue (at manufacturer list price) generated from their 10 largest FOP customers (by sales revenue at manufacturer list prices);
 - (b) The sales revenue (at manufacturer list price) generated from members of their 5 largest buying group customers); and
 - (c) The 'net net' revenue (after discounts and rebates) generated from each of these customers.
- 4.16 This data was then matched across manufacturers using information on the name of the customer to generate one combined dataset.
- 4.17 It was not clear from the data provided by all manufacturers whether the data provided on some buying groups referred to a Preferred Product or non-Preferred Product membership scheme (as some buying groups operate both Preferred Product and non-Preferred Product membership schemes). Where an observation was ambiguous about this, the observation has been dropped from the dataset.¹⁷

Analysis

- 4.18 Table 4.6 shows the number of the 35 top selling products that each customer purchased, as recorded in the data provided to us.

¹⁷ [REDACTED]

Table 4.3: Analysis of the rebates obtained by different customers for the top 5 products across seven manufacturers

<i>Customer</i>	<i>Customer type</i>	<i>Simple average</i>	<i>Product count</i>
[REDACTED]	LVG	[60-70%] [REDACTED]	[30-40] [REDACTED]
[REDACTED]	Buying group (Preferred Product)	[50-60%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	Buying group (Preferred Product)	[50-60%] [REDACTED]	[5-10] [REDACTED]
[REDACTED]	LVG	[50-60%] [REDACTED]	[30-40] [REDACTED]
[REDACTED]	LVG	[50-60%] [REDACTED]	[30-40] [REDACTED]
[REDACTED]	LVG	[50-60%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	LVG	[40-50%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	LVG	[40-50%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	Buying group (Preferred Product)	[30-40%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	Buying group (Preferred Product)	[30-40%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	Buying group (Non-Preferred Product)	[30-40%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	Buying group (Non-Preferred Product)	[30-40%] [REDACTED]	[20-30] [REDACTED]
[REDACTED]	Buying group (Non-Preferred Product)	[30-40%] [REDACTED]	[10-20] [REDACTED]

Source: CMA analysis of data from seven medicine manufacturers. The 'Product Count' column denotes the number of products for each customer included in our analysis.