

## Submission to the CMA: Independent Veterinary Sector Perspective

### Introduction

I am writing to contribute my perspective as an independent veterinary business owner and Director of Broadway Veterinary Group. My aim is to highlight concerns shared widely across the independent sector regarding the CMA's ongoing investigation into the veterinary services market, especially where regulatory changes may inadvertently strengthen corporate dominance at the expense of independent practice viability and consumer choice.

This submission reflects both my own experience and the evidence presented by independent buying groups, including VIPG, about the structural disadvantages independents face within the current medicines supply chain and the increasingly consolidated market landscape.

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### 1. Market Structure: Corporate Consolidation and Online Pharmacy Ownership

The most significant issue in the veterinary medicines market is the extent of vertical integration among Large Veterinary Groups (LVGs). The majority of major online pharmacies—Pet Drugs Online, Animed Direct, VetUK/365Vet—are owned by LVGs. These companies already benefit from substantially deeper manufacturer rebates than independent practices, and because they own the principal online fulfilment channels, they can retail medicines at or below the prices independents pay to acquire them.

This structural imbalance has been worsening since 2015, and customer behaviour has followed the path of least resistance: cheaper online options that independents cannot commercially match. Regulatory interventions such as mandatory prescriptions, while in principle improving transparency, risk further accelerating this shift by increasing prescription flow directly into LVG-owned online channels.

From a competition perspective, this is a critical point: without addressing the rebate disparities and online ownership concentration, any change that increases prescription issuance will disproportionately benefit LVGs and reduce the competitiveness of independent practices.

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### 2. Transparency and Rebate Inequality

Evidence from VIPG and independent practice owners reflects a consistent pattern:

- LVGs reportedly receive rebates up to **60–66% off list price**.
- Independents typically access only **20–24%**.
- LVG online pharmacies frequently retail below independent acquisition cost.

The result is a form of market distortion where independents are effectively prevented from competing on equal terms. No efficiency or service improvement can compensate for a structural purchasing gap of this scale.

Rebate transparency, therefore, is not simply a matter of commercial curiosity—it is foundational to creating a genuinely competitive veterinary medicines market.

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### **3. Impact on Independent Practices and Local Provision**

Independent practices play a vital role in local communities. They provide continuity of care, maintain 24-hour emergency cover, and support rural and underserved regions where corporates often have limited presence.

However, independents depend on medicines revenue to sustain these services. With medicine margins representing 25–40% of turnover, removing margin without addressing underlying rebate inequality risks making many independents non-viable. The CMA's own comments suggesting independents “may not close” underestimate the degree to which these pressures accumulate over time.

The concern is not hypothetical—we are already seeing independents pushed toward:

- selling to LVGs,
- forced consolidation,
- reducing service levels,
- or exiting critical rural markets.

This shift ultimately narrows consumer choice and creates long-term price and service risks once competition reduces.

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### **4. Enabling Direct Supply to Practices: A Necessary Reform**

A further and often overlooked issue is that veterinary practices in the UK are largely required to purchase medicines via wholesalers. This adds an additional layer of cost and reduces flexibility.

**Allowing practices to purchase medicines directly from manufacturers or accredited suppliers would:**

- reduce unnecessary overheads created by the mandated wholesaler route,
- increase price transparency by removing intermediary opacity,
- enable independents to negotiate or participate in direct-supply frameworks,
- bring the UK into alignment with sectors where direct manufacturer supply is standard practice.

For independents, access to direct supply is not merely beneficial—it would immediately reduce the procurement gap between us and vertically integrated LVGs who already operate large internal purchasing departments and often negotiate directly with manufacturers.

If the CMA's goal is to improve competition and consumer outcomes, enabling direct supply is one of the simplest and most impactful structural changes available.

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### **5. A Call for Proportionate, Evidence-Based Remedies**

For the investigation to result in fair and sustainable market conditions, I urge the CMA to ensure that its final remedies address structural causes rather than symptoms. Specifically:

**1. Require rebate transparency by ownership type.**

This is essential for understanding the true scale of purchasing inequality.

**2. Assess the competitive impact of corporate owned online pharmacies.**

Their market share and pricing capabilities give them disproportionate influence.

**3. Review the wholesaler-only supply model and permit direct supply.**

Reducing supply-chain overheads would materially benefit independents.

**4. Ensure that mandatory prescriptions do not unintentionally drive more volume into LVG-owned online outlets.**

Remedies must avoid reinforcing existing dominance.

**5. Protect consumer choice by maintaining a viable independent sector.**

Independents offer alternatives that corporates cannot replicate.

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**Conclusion**

I fully support efforts to improve transparency and consumer empowerment in the veterinary sector. However, without addressing structural inequalities—rebate disparities, supplychain rigidity, and LVG control of online pharmacies—the current proposals risk entrenching the very problems they aim to resolve.

Independents must remain a viable and competitive part of the UK veterinary market. Achieving this requires remedies that level the playing field, enhance supply-chain fairness, and ensure that regulatory changes do not further advantage vertically integrated corporate groups.

I appreciate the opportunity to contribute to the CMA's review and would welcome the chance to engage further or provide additional evidence from the perspective of independent practice operations.