

## **VETERINARY SERVICES FOR HOUSEHOLD PETS MARKET INVESTIGATION**

### **Summary of the Competition and Markets Authority (CMA) hearing with the Federation of Independent Veterinary Practices (FIVP) held on 28 November 2025.**

#### **Introduction**

1. The FIVP thanked the CMA for sustained engagement over recent months and for the opportunity to present in a discussion format.
2. FIVP reiterated its team's breadth of practice management experience and its intent to reflect a wide cross-section of independent practices.
3. Since its prior meeting with the CMA, the FIVP reported engagements with the wider veterinary profession. The focus was to understand the potential impacts of the remedies proposed by the CMA in its provisional decision report (PDR) on independent veterinary practices and pet owners. This has included doing a survey, attending the London Vet Show and other engagements such as hosting seminars for vets.
4. The FIVP stated it supported the vast majority of the proposed remedies, noting that members of independent veterinary practices support honesty and integrity.

#### **Profitability**

5. The FIVP said that independent practice profits were not excessive and in many cases were "marginal". It said that reported profitability data often failed to reflect owner time, borrowing costs and sustainability needs.
6. The FIVP also described the longstanding cross funding model within the sector whereby revenues from some categories (notably medicines) contributed to lower prices for essential services such as consultations accessible and affordable.
7. The FIVP suggested that headline Earnings Before Interest and Taxes/ Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBIT/EBITDA) figures for independents could be misleading without specific

adjustments (owner salaries, exceptional costs, financing). From a sustainability lens, the FIVP said that many independents required EBITDA around c.15% to ensure succession and investment; below ~10% EBITDA, succession became difficult.

8. The FIVP suggested that remedies which suppressed medicine margins could necessitate service-fee increases due to a 'waterbed' rebalancing. It anticipated that vets would charge higher professional fees and face added administrative costs which could raise average pet owner bills even if medicine prices fell. They said this could present a risk to animal welfare if pet owners could not afford to access services.

## **Price list**

9. According to the FIVP, pet owners choose First Opinion Practices (FOPs) primarily on trust and location. Prices for consultations are often published, whereas medicine costs are inherently uncertain in advance because needs vary by condition, species, weight, and chronicity.

## **Prescriptions**

### *Remedies 7 – 11*

10. The FIVP felt that the proposed prescription remedies would accelerate switching to online supply of medicines, introduce significant administrative burden, and reduce clinical throughput (for example because of longer consults or vet time diverted to prescription work).
11. FIVP described an online pharmacy landscape in which a small number of Large Veterinary Group (LVG)-owned providers attract substantial traffic. FIVP said it was concerned that encouraging written prescriptions might channel value and data toward vertically integrated online pharmacies, potentially strengthening the position of LVGs relative to independents.
12. The FIVP presented illustrative models: as more repeat medicines migrated online, independent practices would lose volume and subsequently face weaker buying-group discounts; online pharmacies would benefit from scale economies and capture retail margins and cross-sales. Over time, it suggested, this shift could erode independents' economics while leaving LVG owned pharmacies neutral or advantaged.

13. The FIVP said that online providers might leverage data about clients who had purchased medicines in order to market connected services and practices, thus drawing clients away from independents. The FIVP cited overseas models that bundle subscription advice, medicines and retail, suggesting there could be pathways that leave independents with responsibility for complex care while revenue less dependent on direct interaction with clients migrates online.
14. The FIVP explained that list prices for medication in practice management systems (PMS) differed from net costs after volume rebates and wholesaler discounts and many practices conflated markup with margin. LVGs and preferred product buying arrangements could secure deeper discounts; however, if independent volumes fall, rebates could weaken and net costs rise, reducing the room to compete on price.
15. The FIVP said that, in their modelling, migration of chronic medicines online reduced independent margins and increased online pharmacy margins, with subsequent rounds of consolidation risk. Independents that move too late to reduce inhouse margins might find diminished discounts and limited ability to match online pricing, compounding the squeeze.
16. The FIVP suggested that the proposed remedy should emphasise available options rather than defaulting to prescriptions. It said there should be clear signage and brief verbal prompts at the point that chronic, non-acute medicines are considered. The FIVP also suggested communications should avoid presuming medications online are cheaper in all cases. It also said there should be practical pathways for practices to reduce in-house medicine margins to keep supply in the FOP.
17. The FIVP proposed recognising prescription work as per-item professional effort (with fees per medicine rather than per consult) and requested a higher cap than the figure discussed in the provisional remedies.

## **Surveys**

18. The FIVP requested that the CMA ensured that any survey reflect practice-level performance since clients made their choice based on local practices. FIVP suggested that practice-level customer surveys (via email/SMS or integrated apps) would provide more useful information to pet owners.

## **Proportionality of the proposed remedies**

19. The FIVP said that a well-functioning market was one which preserved diversity and genuine choice of practice, not only choice of where to purchase medicines. It said that any remedies should avoid disproportionately harming marginal or remote practices and should not unintentionally accelerate consolidation.
20. The FIVP suggested that the CMA should stress-test impacts across distinct local markets: dense urban areas with many practices, versus rural/marginal areas with limited capacity and cross-subsidised services (eg, out-of-hours support). The concern was that uniform remedies could have uneven effects on accessibility.
21. The FIVP also advocated for a phased implementation, of the order of approximately 18 months for independents, to allow PMS and workflow changes.