

PAWS FOR THOUGHT: PUTTING UK VET ACQUISITIONS ON A TIGHTENED LEASH



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The veterinary sector in the UK has borne witness to notable consolidation over the past decade, a significant amount of which has been fueled by large corporate groups – particularly, private equity firms – engaging in roll-up acquisition strategies. Mired in an unrelenting cost-of-living crisis, where many households have fallen into poverty for the first time, pet owners are feeling the squeeze now more than ever. Spiraling vet bills are forcing owners to make difficult decisions about the care of their animals, prompting the UK's Competition and Markets Authority (“CMA”) to launch an in-depth investigation into the veterinary services market. This follows targeted efforts by the CMA to utilize its mergers intelligence function and flexible call-in powers to closely track and scrutinize merger activity in the sector – resulting in orders to unwind the mergers of several completed roll-ups in recent years. This article offers an initial thought piece to introduce a new research project on regulatory responses to roll-up schemes and localized market power involving private equity firms, drawing on recent developments in the UK to pose nuanced questions as to the size, shape and enforcement of effective regulation in this space.

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I. INTRODUCTION: THE RUFF ISSUES

As many countries – including the United Kingdom – continue to endure the impact of a harrowing cost-of-living crisis, competition authorities have doubled down on their efforts to ease the financial burden on consumers of essential goods and services.² For a nation of animal lovers – where over half of households now own a pet³ following a surge in first-time owners during the COVID-19 pandemic – there is no question that many goods and services in the pet industry are viewed as “essential” in the eyes of UK consumers, especially when it comes to veterinary services. Pet owners are therefore currently feeling the pinch more than most other consumers.

As a direct consequence of the cost-of-living crisis, roughly one-quarter of UK pet owners (accounting for 5.4 million pets) have experienced an impact in how they care for their animals, with 78 percent expecting the crisis to have a negative effect on the welfare of pets in general.⁴ Moreover, 9-in-10 report an increase in the cost of owning their pet, with one-third of owners feeling the need to make personal cost-savings – including cutting-back on groceries, reducing energy consumption, and even skipping meals – in order to meet their pet’s care requirements.⁵ Indeed, the pattern of owners putting their pet’s needs before their own is a common one.

The proportion of owners who delay taking their poorly pets to the vet for affordability reasons is low and comparable to pre-crisis levels (less than 1-in-10), a tendency which also extends to preventive veterinary care (e.g. vaccinations, neutering, etc).⁶

Worryingly, a larger proportion of owners (approx. 37-45 percent, depending on the type of pet) cite a lack of affordability as a reason for not purchasing pet insurance, with a further 3-4 percent cancelling their insurance for similar reasons over the past 12 months.⁷ This leaves many consumers more exposed to unforeseen and emergency costs at a moment when household budgets are already stretched to near breaking point. Even with the benefit of insurance, reports of spiralling bills⁸ and a lack of transparency over costings at the point of treatment means there is no guarantee the average insurance policy will fully cover vet bills, or even a single operation or procedure.⁹ While many pet owners are willing to pay whatever it takes to ensure their animals receive the treatment they require, a growing number face the distressing reality of taking out a loan, giving up their pet for adoption, or – very sadly – opting to have their animals euthanized.

The time, resources and expertise of veterinary practices very clearly warrant effective remuneration, especially in the wake of sharp increases in running costs, unprecedented demand for appointments, and many practitioners departing the profession in recent years (partly due to corporate expectations for vets to commit to out-of-hours work, degrading their work-life balance).¹⁰ Yet it comes as no surprise – given the sheer salience of the sector – that the UK’s Competition and Markets Authority (“CMA”) has launched a full-scale inquiry into the vets market,¹¹ after an initial call for information (which drew 56,000 responses from pet owners and industry participants) identified a number of concerns pertaining to, inter alia, transparency of pricing information, limited choice, and potentially excessive profit margins.¹²

2 CMA, *Competition and Markets Authority Annual Plan 2024/25* (Mar. 14, 2024), https://assets.publishing.service.gov.uk/media/65f1a6f5981227a772f61377/CMA_Annual_Plan_2024-25.pdf, at 2-3 and 20.

3 An estimated 57 percent of UK households in 2023; Statista, *Share of households owning a pet in the United Kingdom (UK) from 2012 to 2023* (Feb. 13, 2023), www.statista.com/statistics/308235/estimated-pet-ownership-in-the-united-kingdom-uk.

4 PDSA, *PAW Report 2024* (Jun. 17, 2024), www.pdsa.org.uk/media/14944/pdsa_paw-report-2024.pdf, at 7.

5 *Id.* at 18, 27 and 35 (for dog, cat and rabbit owners, respectively).

6 *Id.* A higher rate of cat and rabbit owners choose not to vaccinate their pets for cost reasons (21 and 23 percent, respectively, cf. 11 percent for dogs), but figures are largely consistent with pre-crisis levels.

7 *Id.* at 35.

8 Kayley Thomas, *Vet quoted £500 to remove hamster’s teeth*, BBC NEWS (June 15, 2024), www.bbc.co.uk/news/articles/cnee0d73nlzo.

9 Madeleine Speed & Will Louch, *The cost of owning a pet: why UK regulators are taking aim at pricey vets*, FINANCIAL TIMES, Mar. 17, 2024.

10 *Bill to limit vet practice ownership closer to becoming law in Republic*, NORTHERN IRELAND VETERINARY TODAY (July 2, 2021), <https://nivettoday.com/bill-to-limit-vet-practice-ownership-closer-to-becoming-law-in-republic>.

11 Press Release, Competition and Markets Authority, CMA presses ahead with full investigation into vets market (May 23, 2024).

12 Press Release, Competition and Markets Authority, CMA identifies multiple concerns in vets market (March 12, 2024).

Among the Inquiry Group’s main tasks will be to review the impact that increased concentration in local vet markets has had on competition and consumer choice.¹³ Indeed, the UK vet sector has borne witness to notable consolidation over the past decade,¹⁴ a significant amount of which has been fuelled by large corporate groups – particularly, private equity (“PE”) firms – engaging in roll-up acquisition strategies, which have – until recently – routinely flown under the regulatory radar. As well as influencing the prices set within their fleet of veterinary practices, these corporate groups may also encourage – or require – their practices to cross-sell products and services provided by other businesses within their local portfolio, e.g. second opinion (referral) clinics, out-of-hours care, and pet crematoria.¹⁵ While specific consumer benefits may be realised via efficiencies and integrated care services, there is a tangible suspicion that the local-level market power arising from corporate roll-ups may explain some of the price increases that UK pet owners have been struggling to live with.

II. PRIVATE EQUITY GROUPS AS “UNRULY HOUNDS”?

The CMA estimates that, in 2013, 10 percent of first opinion veterinary practices in the UK were owned by large corporate groups, whereas the vast majority consisted of independently owned practices, small chains and charities.¹⁶ By 2023, following 1,500 acquisitions in the market by six large corporate groups over a 10-year period,¹⁷ that figure had increased to just shy of 60 percent, shared among the six groups: IVC Evidensia (the largest player, with a share of ~22 percent), Pets at Home, CVS, Linnaeus, Medivet, and VetPartners. Of these, IVC, Medivet and VetPartners are each owned or financially backed by PE groups, which have successfully increased their market shares – in large part – through targeted and prolific deployment of buy-and-build strategies, rolling-up local independent practices under a single ownership umbrella for the purpose of boosting the value of the collective fleet.

While this is a testament to the considerable and ongoing consolidation in the market, consumers would be forgiven for failing to spot this trend, as the market continues to give the appearance of many independent firms competing with each another. While Medivet and Pets at Home operate under their own distinct branding, the other large corporate groups frequently retain the branding of the independent vet practices they acquire; a phenomenon that is by no means unique to the UK market.¹⁸ While there are legitimate business reasons for this – allowing acquirers to benefit from the local reputation and goodwill of independent brands – the approach adds weight to perceptions of a covert insurgency, ensuring pet owners do not associate their local vet with “corporate machines,”¹⁹ and where consumer choice is illusory as a result of concentration “via the back door.” Other effects are more readily observed, including reports of longstanding veterinary practices being shut down abruptly following takeovers by PE groups,²⁰ raising further concerns about the role of debt in financing deals, allegations of killer acquisition strategies, and the impact of closures on local consumers.²¹

The scope of the CMA’s market inquiry is not limited to the acquisitions and conduct of PE-owned vet practices, but there is a sense that private equity – and the role it plays in consumer-facing markets – will implicitly find itself under the microscope. While it is important to avoid conflating the two, roll-up schemes and PE investment are becoming increasingly synonymous in antitrust circles, largely because the former has become the latter’s strategy of choice in certain industries. The investment and participation of private equity is capable of delivering numerous benefits for markets and consumers, including through roll-strategies that enable efficiencies to be unlocked and for management to be professionalized across a wider pool of service providers.²² Legitimate concerns certainly exist in relation to certain types of PE acquisitions

¹³ Advisory Steer, CMA Board, *Veterinary Services for Household Pets in the UK* (May 23, 2024), at [6(b)].

¹⁴ CMA, *Veterinary services for household pets in the UK: Decision to make a market investigation reference* (May 23, 2024), at [5.26].

¹⁵ CMA, *Completed acquisition by VetPartners Ltd of Goddard Holdco Ltd: Decision on relevant merger situation and SLC* (June 21, 2022), at [9].

¹⁶ *Id.* at 6.

¹⁷ *Id.* at [5.26].

¹⁸ Nikki Mandow, *Is your ‘local’ vet owned by German billionaires?*, NEWSROOM, Mar. 16, 2023, <https://newsroom.co.nz/2023/03/16/is-your-local-vet-owned-by-german-billionaires>.

¹⁹ Arash Massoudi, Kaye Wiggins & Robert Smith, *The anatomy of a private equity roll-up*, FINANCIAL TIMES, Apr. 22, 2021, www.ft.com/content/68fed97a-f411-48d7-8fd4-7f3178def4fd.

²⁰ Judith Evans & Kaye Wiggins, *Going to the vet: what happens when private equity invests in a cottage industry*, FINANCIAL TIMES, Apr. 20, 2021.

²¹ During the drafting of this article, one of the authors – a customer of a CVS-owned veterinary group – was informed that two of the group’s local practices would permanently close within a matter of days, with the veterinary teams transferring to other CVS surgeries in neighboring towns. While this is an anecdotal account, it is typical of what is being reported across the UK and the sector.

²² Julie Carlson, *Pandemic Puppies and Private Equity*, CPI ANTITRUST CHRONICLE (Oct. 2022-I) 30, at 33-35.

that exhibit “*an undue focus on short-term profits and aggressive cost-cutting*,”²³ but doubts remain as to the prevalence of this in practice, with commentators pointing to “mixed” evidence on the impact to consumers (which may hinge on the levels of competition observed in the market before the roll-up) and a lack of evidence to suggest any adverse impact on innovation.²⁴

Lingering doubts over the relationship between PE investment, roll-ups and consumer harm would suggest that a broad-brush targeting of enforcement towards PE acquisitions is premature. Yet this has not discouraged lawmakers in other countries from tabling bold proposals to curb the potential threat, including a long-stalled Bill to ban corporate ownership of veterinary practices in the Republic of Ireland, which finally looks set to pass into law later this year.²⁵ Clearly, instances where PE acquisitions have been driven by pure profit maximization – and the aggressive asset stripping, downsizing and cost-cutting this often entails – are incompatible with the “humanity” enshrined in some consumer-facing markets, such as veterinary services, where a disproportionate number of consumers find themselves in a position of vulnerability, desperation or devastation at the point of transaction. These same consumers accept, without question, that their local vet clinics are managed on principles of care and compassion, rather than profit. They take this for granted. They rely on it when making decisions.

The situation is therefore nuanced. In order to realize the efficiency-enhancing – and, potentially, innovation-enhancing – benefits of PE investment while also ensuring the interests of consumers are not encroached upon, the regulatory response should be of appropriate size and shape. To date, much of the discourse on this issue – typically, between the representatives of enforcement agencies (representing the interests of consumers) and legal practitioners (representing corporate clients) – has been polarized on the extremes of presenting PE acquirers as “greedy opportunists” vs. “misunderstood value enhancers”; albeit there are exceptions that seek to find common ground.²⁶ A more conscious focus on the incentives that PE firms harbour when implement roll-up schemes – as some competition agencies are attempting – may facilitate a more nuanced regulatory response. In doing so, agencies may draw useful inferences from the acquirer’s business plans and its track record in the aftermath of its previous acquisitions;²⁷ although, the latter may prove less insightful, as practitioners begin to advise their corporate clients to adopt cautious language in their written proposals, to mitigate the risk of being “taken out of context” during agency review.²⁸

Interpreting incentives is, of course, not without its complexities and practical limitations – excessive pricing and quality reduction may very well materialize via indirect means.

IVC Evidensia, which – as previously mentioned – owns roughly 22 percent of first opinion veterinary practices in the UK, does not force its practices to price at a particular level. It does, however, recommend prices centrally and sets financial targets for each of its clinics.²⁹ While not restricted by a centralized pricing system, it would not take a tremendous leap of faith to foresee instances where leadership teams at IVC’s individual practices feel compelled to converge towards its parent’s recommended pricing strategy, especially where financial targets are ambitious and local leaders are accountable for falling short of them. This is to highlight that the incentives of decision-makers on the consumer frontline, as well as those of PE managers themselves, stand to have a significant bearing on what an acquisition means for competition and consumers in the market.

III. THE CMA’S EFFORTS TO MUZZLE ROLL-UP STRATEGIES

Assuming a nuanced regulatory response is viable, and that it is desirable to avoid throwing the efficiency-enhancing baby out with the profit-maximizing bathwater, we might turn to consider the recent experience of the CMA in adopting a somewhat piecemeal response to corporate roll-ups in the veterinary services market. In many respects, the CMA is able to make effective use of enforcement tools and powers already at its disposal. For example, while it does so with caution, the CMA may be asked to consider any relevant customer benefits arising from the effi-

23 Andrew Forman, Deputy Assistant AG, Dep’t of Justice, *The Importance of Vigorous Antitrust Enforcement in Health Care*, Remarks at the ABA Antitrust in Healthcare Conference (Jun. 3, 2022), www.justice.gov/opa/speech/deputy-assistant-attorney-general-andrew-forman-delivers-keynote-abas-antitrust.

24 Muath Masri, Principal, Charles River Associates, Remarks at the 4th International Mergers Conference (May. 23, 2023), www.concurrences.com/en/events/2023-international-mergers-conference-109860.

25 Rachel Donovan, *Bill on vet practice ownership back on the table*, IRISH FARMERS JOURNAL (May 15, 2024), www.farmersjournal.ie/news/news/bill-on-vet-practice-ownership-back-on-the-table-817104.

26 Anna Tzanaki, *Antitrust’s Increasingly Long Arm: (Minority) private equity investors beware*, CPI ANTITRUST CHRONICLE (Oct. 2022-I) 20.

27 Steven C. Salop, *Personality traits, private equity, and merger analysis*, CPI ANTITRUST CHRONICLE (May 2024-I) 16, at 22.

28 Vishal Mehta, Megan E. Gerking & David E. Grothouse, *Vampire Diaries: Antitrust scrutiny intensifies around private equity*, CPI ANTITRUST CHRONICLE (Oct. 2022-I) 14, at 19.

29 Massoudi et al, *supra* note 19.

ciencies a merger stands to generate,³⁰ affording the potential for anticompetitive roll-ups to be permitted where sufficient benefits emerge from countervailing efficiencies. In contrast, the prospect of roll-up schemes being able to demonstrate rivalry-enhancing efficiencies seems remote by comparison,³¹ given their habit of sapping rivalry from a market by their very nature.

Barely 3 months after her official appointment to the post, the CMA's Chief Executive, Sarah Cardell, spoke candidly of the agency's conscious strategy to closely track and scrutinize M&A activity in the vet sector,³² making this a priority for its Mergers Intelligence Committee, which – as a complement to the UK merger control's voluntary notification regime – continues to play a crucial role in screening for non-notified mergers of possible concern.³³ Significantly, Cardell said her agency's targeted surveillance and enforcement of vet acquisitions is as much about sending a clear message to the sector as it is about examining individual transactions. She stresses the importance of “*mak[ing] sure that the boardrooms are aware of the kind of deals that should or shouldn't be going ahead*,”³⁴ implying that heightened scrutiny will prompt the market's big players to rethink their acquisition strategies and abandon – or at least revisit – plans for further roll-up activity.

For the roll-up acquisitions that are undeterred by these remarks, the CMA has exercised practical and creative mechanisms to ensure it is afforded the opportunity to review a wide range of acquisitions in the sector. Firstly, while the CMA is typically precluded from making a Phase 1 decision on a completed merger where more than 4 months have elapsed since consummation, the countdown need only commence once material facts of the merger have entered the public domain (the “four-month rule”).³⁵ This has permitted the CMA to review several completed vet acquisitions that had not been sufficiently publicised by the corporate acquirers, including Medivet's acquisition of the assets and business of The Hollies veterinary surgery, where 12 months passed between completion of the deal and disclosure of material facts.³⁶

Secondly, when faced with instances where a corporate acquirer has purchased multiple veterinary practices over an observable period of time, the CMA can choose to treat these as interrelated transactions and, as such, consider their aggregate effects as part of a single standalone review.³⁷ While each interrelated acquisition must be called-in individually in order to facilitate this, these aggregate assessments allow the CMA to holistically engage with theories of harm associated with roll-up schemes, analogous to recent enforcement in other countries.³⁸

Thirdly, and most significantly, the CMA has taken full advantage of the scope of the so-called “share of supply” test, which has enabled it to establish a jurisdictional nexus over numerous transactions that do not meet the standard turnover thresholds.³⁹ For the purposes of ascertaining jurisdiction, roll-up schemes are perceived as a series of individual acquisitions – rather than a collective – meaning it is far less likely the turnover thresholds will be satisfied. However, the share of supply test allows the CMA to intervene to review an acquisition that would result in the merging parties supplying 25 percent-or-more of a particular good or service in the UK or – notably – *in a substantial part of it*.⁴⁰ It is through this alternative avenue that the CMA has been able to call-in smaller acquisitions involving acquirers that have established a noteworthy market share in a substantial part of the UK – aided very much by the wide interpretation that has been afforded to it.

30 CMA, Merger Assessment Guidelines (March 18, 2021), at [8.5] and [8.21]–[8.27].

31 *Id.* at [8.4] and [8.8]–[8.20].

32 Sarah Cardell, Chief Executive, CMA, Remarks at the 2023 Annual Antitrust Enforcers Summit: Challenges in Merger Review Panel (Mar. 27, 2023), www.justice.gov/opa/video/2023-annual-antitrust-enforcers-summit-challenges-merger-review-panel, from 1:05:04.

33 David Reader, *UK Merger Control: Finely Tailored but Time for a New Suit?*, in *THE UK COMPETITION REGIME: A TWENTY-YEAR RETROSPECTIVE* 169 (Barry Rodger et al. eds., 2021), at 184-185.

34 Cardell, *supra* note 32.

35 *Enterprise Act 2002*, § 24(1).

36 CMA, Completed acquisitions by Medivet Group Ltd of multiple independent veterinary businesses: Decision on relevant merger situation and SLC (June 7, 2023), at [38] and [100].

37 e.g. *Id.* (the Medivet roll-up decision); CMA, Completed acquisitions by Independent Vetcare Ltd (IVC) of multiple independent veterinary businesses: Decision on relevant merger situation and SLC (April 5, 2023) (the IVC roll-up decision).

38 Francesca McClimont, *Dutch enforcer ramps up scrutiny of below-threshold mergers with “rollup acquisition” theory*, GLOBAL COMPETITION REVIEW (April 30, 2024), <https://globalcompetitionreview.com/article/dutch-enforcer-ramps-scrutiny-of-below-threshold-mergers-roll-acquisition-theory>; Press Release, Federal Trade Commission, FTC Challenges Private Equity Firm's Scheme to Suppress Competition in Anesthesiology Practices Across Texas (September 21, 2023).

39 The “turnover test” has enabled the CMA to intervene in mergers where the target/acquired firm has turnover exceeding £70 million in the UK; *Enterprise Act 2002*, § 23(1) (b). This threshold will increase to £100 million, following reforms enacted under the *Digital Markets, Competition and Consumers Act 2024*, sched. 4, para 2(2).

40 *Enterprise Act 2002*, §§ 23(2)(b) and 23(3)–(4).

While its application to roll-up acquisitions is a relatively recent development, the share of supply test has become a go-to mechanism for the CMA, particularly in recent years as it has sought to establish jurisdiction in a range of below-threshold transactions. In what some commentators observe as a case of the CMA “flexing its merger control muscles” in the post-Brexit era,⁴¹ the agency has employed an expansive approach to several elements of the test, extending its reach beyond the literal interpretation. Having received endorsement of its wide discretion by the Competition Appeal Tribunal in previous judicial review proceedings,⁴² the CMA has found creative ways of establishing the 25 percent share threshold (e.g. by considering the merged entity’s share of veterinary practitioners and clinics, in *VetPartners/Goddard*),⁴³ and in concluding what constitutes a substantial part of the UK (e.g. by calculating average drivetimes to the merged entities’ sites to identify the scope of “local areas,” and concluding that areas with populations above 100,000 each constituted a substantial part of the UK, in *IVC/multiple vet practices*).⁴⁴ Furthermore, given there is no requirement for the CMA to define the relevant market(s) ahead of applying the share of supply test, the potential exists for jurisdiction to be declared even where there is dispute over whether the focal goods/services amount to a relevant economic market.⁴⁵

The wide application of the share of supply test has cultivated perceptions of uncertainty around the UK’s approach to jurisdiction, with critical voices worried that an “aggressive” stance has blurred the lines between the CMA’s analysis of jurisdiction and substantive impact,⁴⁶ and others calling for a “clearer and narrower” alternative to test to allow greater predictability.⁴⁷ While these concerns are widely shared across practitioner and academic communities, there are compelling arguments that suggest a broad approach to jurisdiction may be justified given the UK’s reliance on voluntary notification,⁴⁸ or on the basis of an underlying need to redress historic underenforcement.⁴⁹ The scope of the share of supply test is also restricted in other ways, including that the test requires horizontal overlap between the merging parties, and cannot be satisfied by a purely vertical merger. Following enactment of the UK’s *Digital Markets, Competition and Consumers Act 2024*, a new safe harbour for small transactions (i.e. those where neither merging party has UK turnover exceeding £10 million) also stands to limit the range of cases where the CMA can rely on the share of supply test.⁵⁰ Cardell herself has defended the predictability of the CMA’s approach, pointing to availability of “very clear guidance” on the jurisdictional tests, and rejecting claims that the agency is “fundamentally anti-merger” by attributing recent enforcement to statutory objectives and the CMA’s work in pursuit of a broad ambition to “promote competitive markets and to tackle unfair behavior.”⁵¹

When faced with new challenges, competition agencies have tended to look to their existing toolkits for solutions. For instance, in response to perceived threats of killer acquisitions flying under the enforcement radar, the European Commission has sought to extend the application of its Article 22 EUMR referral mechanism, so as to afford itself an opportunity to review a broader range of below-threshold mergers.⁵² Such agencies embrace the idea that a tool built for one purpose may have multiple uses – and by utilizing those tools for wider applications, each has shown a willingness to face the scrutiny of appellant courts in order to discharge their competition/consumer mandates. Of course, questions remain over the CMA’s long-term enforcement strategy in relation to roll-ups, including the efficacy and sustainability of its expansive application of the share of supply test.

Of the 4 veterinary practice merger reviews the CMA has recently conducted,⁵³ all 4 were completed mergers, all were called-in under the share of supply test, and all involved transactions giving rise to a realistic prospect of a substantial lessening of competition. In each instance,

41 Sean-Paul Brankin & Isobel Thomas, *Competition: the EU and UK extend the scope of merger control* 165 SOLIC. J. 56 (2022).

42 *Sabre Corp. v CMA* (2021) CAT 11.

43 *VetPartners/Goddard*, *supra* note 15, at [6].

44 *IVC/multiple vet practices*, *supra* note 37, at [53].

45 John D. Harkrider, *The UK Competition and Markets Authority: Outlier or Canary in the Coal Mine?* 34 ANTITRUST 23, 24 (2020).

46 Lawrence B. Landman, *Nascent competition and transnational jurisdiction: the future markets model explains the authorities’ actions*, 43 E.C.L.R. 294, 301 (2020).

47 Jamillia Ferris et al., *A Comparative View of Transparency in Antitrust Enforcement*, 85 ANTITRUST LAW JOURNAL 547 (2024).

48 Mark Jephcott & Vassilena Karadakova, *The CMA’s increasingly expansionist approach to the share of supply test in UK merger control: a threshold issue*, 41 E.C.L.R. 466 (2020).

49 Simon Pritchard & Verity Egerton-Doyle, *Stretch target: the long arm of UK merger jurisdiction*, 19 COMPETITION LAW JOURNAL 101, 103 (2020).

50 *Digital Markets, Competition and Consumers Act 2024*, sched. 4, para 2(3).

51 Sarah Cardell, Chief Executive, CMA, Remarks at the ABA Antitrust Law Section 71st Annual Spring Meeting (Mar. 31, 2023), www.americanbar.org/content/dam/aba/publications/antitrust/magazine/2023/june/full-issue-amo-june-2023.pdf.

52 Magali Eben & David Reader, *Taking aim at innovation-crushing mergers: a killer instinct unleashed?*, 42 YEARBOOK OF EUROPEAN LAW 286 (2023).

53 *VetPartners/Goddard*, *supra* note 15; *Medivet/multiple vet practices*, *supra* note 36; *IVC/multiple vet practices*, *supra* note 37; CMA, Acquisition by CVS Group plc of Quality Pet Care Ltd (trading as The Vet): Decision on relevant merger situation and SLC (April 7, 2022).

the parties proposed undertakings in lieu of a Phase 2 reference, most taking the form of significant divestitures. The CMA's market inquiry reference expresses a similar preparedness to compel corporate groups to sell-off some of their practices, if this is deemed necessary to address competition concerns.⁵⁴ Collectively, these enforcement developments send a strong warning signal to the large corporate groups in the sector, but also a message of encouragement for UK pet owners.

IV. A RESEARCH AGENDA: RELEASE THE HOUNDS

In a short space of time, we have witnessed significant leaps forward in enforcement efforts against roll-up schemes by the global antitrust community. Many unanswered questions will be addressed in the coming months and years as competition authorities consult on new strategies and market inquiries, and as lawmakers determine whether statutory reform is needed to safeguard markets from the harms that such schemes may create. These questions extend to the treatment of private equity investment, both in general and specific to roll-up schemes – and whether merger control, wider competition policy, or other areas of law enforcement are capable of delivering “right-size” regulation in this space.

Against the backdrop of these concerns – regarding the current state of the UK veterinary services market, specifically – it is an opportune time to consider the efficacy and sustainability of the approach the CMA is taking towards roll-ups within the sector. This, of course, extends to other sectors that have proven to be susceptible to private equity roll-ups in other countries, or bear those hallmarks. The UK already looks set to experience a wave of PE roll-ups in the accounting sector,⁵⁵ but markets for elderly care, children's social care, physiotherapy, fertility treatment, and others may also come in for closer inspection. Given the salience of such markets, the short-termism of private equity involvement raises important questions for the welfare of (often vulnerable) consumers. This motivates the overarching question we seek to answer in our new project, namely: Does the CMA's regulatory approach to roll-up acquisitions represent a right-size response to the perceived risks of private equity acquiring market power?

The research project will take an initial step back to consider the unique dynamics posed by private equity acquisitions in consumer-facing markets. We will consider the nature of private equity's incentives to invest (participate) in particular sectors, and the practical implications this may have for firm stability, long-term investment and innovation in markets. This will enable the project to explore – and assess – the potential positive and negative effects of these investments for the individual firms, but also for consumers, the market, the sector, and society as a whole. In pursuit of its research objectives, the project will benefit from engagement with key stakeholders within the public and private spheres. We will also draw on parallel developments in enforcement in other countries, including the progressive approaches of the U.S. federal agencies and Dutch Authority for Consumers and Markets (“ACM”), in addition to Australia, which has consulted on extensive new reforms to capture and enforce against roll-ups.

It is our hope that these examinations will, in turn, allow us to establish a new analytical framework. This will hopefully allow us to identify “right-size” and “right-shape” regulatory tools that might assist competition agencies in delivering optimal enforcement in combatting potential market power “through the back door,” while also realizing any benefits that consumers may derive from large corporate and private equity involvement in certain markets.

⁵⁴ CMA Veterinary market reference, *supra* note 14, at [6.48]–[6.49] and 73 (Table 6.1).

⁵⁵ Michael O'Dwyer & Simon Foy, *Private equity targets UK accounting firms*, FINANCIAL TIMES, Jan. 7, 2024.



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