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**America's booming pet health-care business**  
*Shi Tzus having hip replacements and cats on underwater treadmills*

1. AT THE 42,000-square-foot clinic in Hollywood that is owned by VCA, an animal-hospital chain, you may find a Pomeranian on a course of stem-cell therapy or a Shih Tzu having a hip replacement. There is even an underwater treadmill for cats. As pets are treated more and more like members of the family, so they are getting more health care. That also means they are racking up bigger vet bills for their owners.

2. That is the backdrop to the purchase in January of VCA by Mars, a firm best known for selling chocolate and sweets, for \$9.1bn. Analysts whistled at the 31% premium Mars offered on VCA's share price at the time, but they also agreed that the deal reflects the industry's vitality. Spending on animal clinic visits in America has increased from a total of \$13.7bn in 2012 to almost \$16bn last year.

3. The deal is not as out of character for Mars as it may appear. Sales of chocolate are declining. The company is second only to Nestlé in the market for pet food in America, but competition from sellers on Amazon has sent the firm towards animal health. It was in 2007 that Mars bought Banfield Pet Hospital, then VCA's largest rival. Since then it has steadily expanded in the field. With the VCA deal, it will own 1,900 veterinary clinics in America and Canada, more than four times as many as National Veterinary Associates, the nearest competitor.

4. The success of such groups is due to the fact that "anything you see in human medicine is likely to be applied to dogs and cats", says John Mannhaupt of Brakke Consulting. The average vet used to be a generalist, offering everything from a bottle of pills to a quick death. The modern graduate is a specialist, whether in oncology or any other of the 40 fields listed by the American Veterinary Medical Association.

5. Diagnostic testing is a particularly profitable field. Veterinary clinics have invested in new equipment, from CT scanners to on-site MRI machines. A cat with toothache used to be anaesthetised before a vet could peer inside its mouth, but now a scan costing anywhere between \$40 and \$400 does the job instead. Mars, many believe, was keen on VCA's diagnostic laboratories, which are superior to those of Banfield and which run blood tests, and other sorts, for more than half of America's 24,000 or so veterinary clinics.

6. Most owners will buy the diagnostic tests. If it is bad news, many will go on and pay for the next stage of expensive treatments. Yet for some in the field of animal health, it is all too much. Lately accusations have mounted that VCA and Banfield are foisting unnecessary treatments on animals. Over-vaccination seems to be a particular bugbear. Banfield says it has reduced the frequency with which it administers core vaccines, and that it follows industry guidelines.

7. Technically, it remains illegal in many states for corporations to own veterinary practices, to prevent pets being over-treated for the sake of profits. But there is a way to structure ownership to deal with that. And although treatment options for pets now mirror those in human hospitals, the risks of getting things wrong do not. In law pets count as property, and usually have a small market value. Medical malpractice suits are hardly worth the bother, and are rare—another reason why Mars's strategy promises healthy returns.