

OPINION

Amazon must pay its fair share of taxes

There's much to admire about Amazon, says Pets at Home chief executive **Peter Pritchard**, but it should pay for the services it benefits from just like other retailers do

Hardly a week seems to go by without another well-known retailer finding itself in the news for the wrong reasons.

Most recently it was Homebase's restructuring plans. Before that it was House of Fraser being bought out of administration. Marks & Spencer is closing stores, as are Carpetright and Mothercare, and we have seen the demise of Toys R Us, Maplin and Poundworld.

It is often said pressure from the online behemoths like Amazon is to blame for the distress being felt on the high street.

Certainly, it's clear many of the businesses in trouble have been slow to adapt.

Competition has always played its part in shaping the retail landscape, but the speed of change is frenetic and retailers now have to be equally agile in their response. And change is a constant, so this has to be sustained.

I don't blame Amazon for that. If I can let you into a little secret, I really admire it. Amazon really is exceptionally good at what it does. The value, choice and convenience it offers to customers is exceptional and at Pets at Home we have not been immune to this competitive pressure.

Happily, the investments we have made in our pricing have halved the differential with Amazon and in many cases have eliminated it completely.

Removing price as a barrier to shop-

ping with us has meant we have more customers in our stores, allowing us to demonstrate the colleague expertise and services that are impossible for online pureplays to replicate.

This is where data becomes key. Amazon has really clever algorithms that can track what you buy, but through our VIP loyalty scheme we can link customers' shopping to their pets.

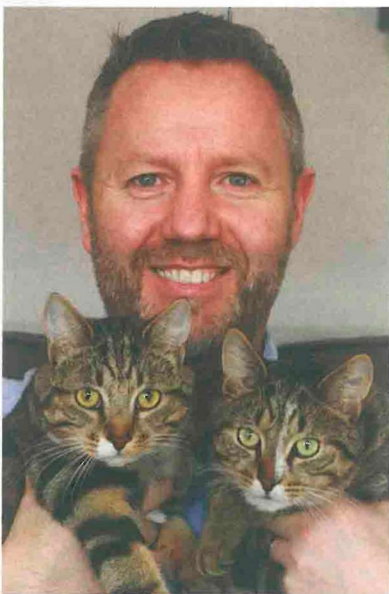
This means that while Amazon may know you have a dog because you buy dog food, we know the breed, sex and age of your dog, and whether you have any other pets in the house.

More than that, we understand what makes pet owners tick at an emotional level, and we have vets and groomers so we can provide a comprehensive pet care solution.

Taking responsibility

So I don't criticise Amazon for being a competitive threat. Competition is good. Competition drives improvement and innovation. Businesses that respond well to competition go on to thrive.

To be honest, in my career in retail –



Peter Pritchard
Chief executive
Pets At Home

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trust me, it goes back a fair way – there has always been a pressing need to adapt in response to the latest threat. That's the norm. Some retailers fare well, some not so well. The wheat gets sorted from the chaff. That's the way of things.

The real threat

But that doesn't mean I'm not critical of Amazon. I am.

While we pay our full share of taxes and business rates, which help to fund the infrastructure and public services we rely on, Amazon doesn't come close.

For a business that relies on many millions of home deliveries, often of single items each fully packaged in cardboard, not to pay its fair share towards the upkeep of our roads or for the environmental impact of its operation is nothing short of a scandal.

This is the real threat and it's one that disadvantages traditional retailers unfairly.

We need the Government to act and they need to address this structural unfairness in the tax system urgently.

I like and respect what Amazon does for the customer – it's put them in charge. But I'm worried that because of the inequality that exists in the tax system, choice is being reduced rather than being created.

One day we will wake up and ask: what happens? **RW**

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