

I write on behalf of Jollyes, the UK's second largest pet retailer, in response to your consultation on a proposed market investigation reference (MIR) into veterinary services for household pets in the UK.

We wanted to put on record our support for the CMA's proposed MIR.

Relevant Background on Jollyes

- 1.1 Jollyes is a fast-growing pet retailer in the UK. Now has 101 stores right across the UK with a market-leading position in Northern Ireland.
- 1.2 Jollyes has grown its estate rapidly in recent two years, indeed it has doubled the size of its store estate over the past 27 months
- 1.3 Earlier this year Jollyes secured significant investment from TDR Capital LLP that will allow it to continue to grow its store estate at pace, strengthening its position as a clear number two in the UK pet retail market
- 1.4 At the heart of Jollyes offer is a commitment to grow its service proposition for customers, including the provision of community pet clinics (CPCs) in many stores.
- 1.5 In 2023, Jollyes confirmed an intention to expand that service proposition through a partnership with Leeds-based Eville & Jones to provide in-store veterinary services from fully trained and Royal Veterinary College-accredited vets.
- 1.6 Those CPCs offer the following services to customers: dog, cat rabbit vaccinations and vaccinations. Those services are offered at a significantly lower cost than the same services provided by established veterinary practices in local communities owned by the six operators you highlight in your consultation document.
- 1.7 As we've opened new stores we've come across examples of anti-competitive behaviour from incumbent operators that in some cases prevent us from offering a low cost CPC service to customers.
- 1.8 Jollyes now has CPCs in 75 stores covering 400 hours with an intention to expand both hours of operation and physical locations in line with Jollyes' growth plans.

Further detail to support the proposed MIR

Do you consider that our analysis is correct with respect to the suspected features of concern in the supply of veterinary services and related services for household pets in the UK? You may wish to answer this in relation to specific points such as:

- Whether consumers are given enough information to enable them to choose the best veterinary practice or the right treatment for their needs;
- Whether concentrated local markets may be leading to weak competition in some areas;
- Whether large integrated groups may have incentives to act in ways which reduce choice and weaken competition;
- Whether pet owners might be overpaying for medicines or prescriptions.
- Whether the regulatory framework remains fit for purpose.

- 2.1 Jollyes stands ready to provide more detail should the CMA decide to progress to its proposed MIR but it wishes to highlight some specific insight at this stage in support of the CMA's proposals.

- 2.2 Jollyes' proposition is to offer vaccinations at a significantly reduced cost to the traditional veterinary practice. The concept was devised to provide an alternative solution to those who could not afford a traditional route. We have grown our offering significantly over the last 12 months and now offer our clinics on 75 locations.
- 2.3 We want to expand further and have plans to open a further 125 clinics. However, RCVS regulations mean that we must be able to offer out of hours support in the event of an allergic reaction to the vaccination.
- 2.4 [X]
- 2.5 We have experienced this issue specifically in Newport, Isle of Wight, Plymouth, Devon and Harrogate, North Yorkshire. In each of these locations we have been unable to offer a CPC service.
- 2.6 Furthermore, RCVS only permits our MRCVS to undertake one service - either vaccinations or flea and worming - but not both. This appears to make no sense to us and clearly undermines consumer choice and competition.
- 2.7 We are concerned that our pricing strategy may be at the centre of these regulatory concerns.
- 2.8 [X]
- 2.9 [X]

2.10 [X]

2.11 [X]

Other concerns

- 3.1 There is a lack of available veterinary surgeons in the UK due to the fact that there are not enough placed within the UK vet schools to meet demand.
- 3.2 This has been exacerbated following the UK's exit from the EU. On 1st January 2021, RCVS introduced English language requirements for EU vets that wanted to register with RCVS and practice in the UK.
- 3.3 While the UK was a member of the EU there were no such requirement and these new requirements are purely a consequence of RCVS policy.
- 3.4 The impact of this has been a significant reduction in EU vets coming to the UK, which has caused significant wage inflation and hence these costs have had to be passed on to the consumer.

Potential Remedies

- 4.1 We are at early stage in our thinking but stand ready to assist the CMA as it progresses to a full MIR. However we already believe there may be a case for ensuring the big vet services providers offer out of hour support at a capped cost.
- 4.2 We pay out of hours vets on a retainer basis with an additional payment on the rare occasions that cover is needed. Most corporate vets appear not to be willing to enter into these contracts despite the fact the RCVS code of practice expects it.
- 4.3 We believe competition would be strengthened by requiring RCVS allowing more than one service as a bundle - eg vaccinations plus prescription flea & worming.
- 4.4 Ensure the RCVS relaxes out-of-hours requirements for vaccinations and flea / worming

We hope this initial response in support of the MIR is helpful. If you progress to that MIR, we re-iterate that Jollyes stands ready to help as you look at competition concerns in the sector.

Jollyes current growth which is five times ahead of the market seems to demonstrate to us that there is significant customer demand for lower cost consumer vet services as we bring our low-cost / high quality model to more communities.

Breaking down structural barriers that will allow us to drive local competition and lower prices for pet parents is why we are supportive of the MIR recommendation.