

# Acquisition by ByBox Holdings Limited of Pelipod Limited

## Decision on relevant merger situation and substantial lessening of competition

ME/7035/23

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

### SUMMARY

1. ByBox Holdings Limited (**ByBox**) has agreed to acquire Pelipod Limited (**Pelipod**) (the **Transaction**). ByBox and Pelipod (each a **Party**) are together referred to as the **Parties** and for statements referring to the future, as the **Merged Entity**.
2. The Parties overlap in the supply of Field Service Distribution Services (**FSDS**) in the UK. FSDS comprise a range of logistics solutions which enable businesses with field workforces to distribute (and return) parts and equipment to employees and contractors (typically engineers) working at different customer locations on a daily basis.
3. The Competition and Markets Authority's (**CMA**) primary duty is to seek to promote competition for the benefit of consumers. It has a duty to investigate mergers that could raise competition concerns in the UK, provided it has jurisdiction to do so. This can be established based on either the turnover of the target entity or the combined shares of supply of the merging entities. The CMA believes that it has jurisdiction to review the Transaction because the Parties' combined shares of supply exceed 25% in the supply of FSDS in the UK.
4. After examining evidence of customer requirements and preferences, the CMA found that customers place most importance on the delivery time of their chosen FSDS solution (with customers often referring to requirements for in-night, pre-7am or pre-8am deliveries) rather than the nature of the specific drop-off point. The CMA has also seen evidence of customers switching from the lockers that the Parties

overlap in to other types of FSDS solutions, particularly to those solutions capable of meeting the in-night delivery requirement. The CMA has therefore assessed the impact of the Transaction in the supply of '*in-night*' FSDS in the UK. This includes locker services, pick-up drop off (**PUDO**), in-boot and forward stock locations (**FSL**).

5. The CMA has found that the Parties are close competitors, as they both provide a locker solution to FSDS customers, although Pelipod's offering is generally seen as a weaker offering than ByBox's. However, the CMA has also found that the Merged Entity will face competitive constraints from several other FSDS suppliers providing lockers, PUDO, FSL, in-boot and courier services. Those constraints include an increased constraint from TVS Rico, a close competitor to the Parties, that announced plans to develop its own locker network in March 2023.
6. Consequently, the CMA believes that these constraints, taken together, are sufficient to ensure that the Transaction does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of in-night FSDS in the UK.
7. The Transaction will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

# ASSESSMENT

## PARTIES, TRANSACTION AND RATIONALE

### Parties

8. ByBox, a company majority owned and solely controlled by funds advised by Francisco Partners Management, L.P., is a field inventory management solutions provider, with operations globally. ByBox owns a UK-wide network of 42,000 lockers at approximately 1,350 locations, and it also operates a distribution network (comprised of a national hub and regional distribution centres) that third party couriers may collect from, prior to delivering parts to the secure collection points.<sup>1</sup> ByBox's turnover in 2021 was approximately £[<], the vast majority (approximately £[<]) of which was derived from UK customers.<sup>2</sup>
9. Pelipod, a wholly-owned subsidiary of British Telecommunications plc (**BT**), is a provider of secure lockers (and boxes) and, via a third-party sub-contractor,<sup>3</sup> delivery services for field service engineers in the UK. Pelipod operates a UK-wide network of c.5000 lockers at approximately c.1700 locations, all on BT properties.<sup>4</sup> Pelipod's turnover in 2021 was approximately £[<], all of which was derived from UK customers.<sup>5</sup>

### Transaction

10. On 17 November 2022, pursuant to a sale and purchase agreement, ByBox agreed to acquire 100% of the share capital of Pelipod for a consideration of £[<].<sup>6</sup>
11. The Transaction is conditional upon CMA approval, and the approval of the Department for Business, Energy and Industrial Strategy (**BEIS**) under the National Security and Investment Act 2021.<sup>7</sup>

### Rationale

12. The Parties submitted that the main strategic rationale for the Transaction is the ability to generate environmental efficiencies as a result of (i) increasing the volume of product going through ByBox's network; and (ii) the reduction in miles driven as a

---

<sup>1</sup> Final Merger Notice submitted to the CMA on 27 March 2023 (**FMN**), paragraph 3.

<sup>2</sup> Most of ByBox's revenues are generated from its deliveries to its locker network but a small amount (approximately £[<]) is generated from providing forward stock location (**FSL**) and next day delivery services (FMN, paragraph 4).

<sup>3</sup> Pelipod's delivery services are currently provided by Rico Logistics Limited (**TVS Rico**), itself a provider of FSDS, as discussed in further detail in the competitive assessment.

<sup>4</sup> FMN, paragraph 6.

<sup>5</sup> FMN, paragraph 6. Pelipod's turnover includes £[<] of intra-group turnover.

<sup>6</sup> FMN, paragraph 1.

<sup>7</sup> FMN, paragraph 2. On 10 January 2023, the Secretary of State for BEIS notified the Parties that he will be taking no further action in relation to the Transaction. This notification under the National Security and Investment Act 2021 came prior to the restructuring of BEIS on 8 February 2023.

result of operating one single distribution network.<sup>8</sup> In addition, the Parties submitted that the Transaction will enable the Merged Entity to offer lower prices to customers, to solidify the Parties' financial position, and to demonstrate to customers its long-term commitment to the UK.<sup>9</sup>

13. The Parties' internal documents largely support this rationale.<sup>10</sup>

## PROCEDURE

14. The CMA's mergers intelligence function identified the Transaction as warranting an investigation.<sup>11</sup>
15. The Transaction was considered at a Case Review Meeting.<sup>12</sup>

## JURISDICTION

16. The CMA believes that the Transaction constitutes arrangements in progress or contemplation for the purposes of the Act.<sup>13</sup>
17. Each of ByBox and Pelipod is an enterprise. As a result of the Transaction, these enterprises will cease to be distinct. The Parties overlap in the supply of FSDS, and their combined share of supply on this basis exceeds 25%.<sup>14</sup> The CMA therefore considers that the share of supply test in section 23 of the Act is met.
18. The CMA therefore believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation for the purposes of the Act.
19. The initial period for consideration of the Transaction under section 34ZA(3) of the Act started on 29 March 2023 and the statutory 40 working day deadline for a decision is therefore 31 May 2023.

## COUNTERFACTUAL

20. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual).<sup>15</sup> For anticipated mergers, the CMA

---

<sup>8</sup> FMN, paragraphs 7 and 176.

<sup>9</sup> FMN, paragraphs 8 and 33.

<sup>10</sup> See, for example: ByBox Internal Documents, Annex 29 to the FMN, '[§<]', 16 August 2022, slide 32; Annex 17 to the FMN, '[§<]', 11 August 2022. In addition, one ByBox internal document indicated that one of the notable strategic benefits in acquiring Pelipod is the removal of the only other in-night locker supply chain organisation in the UK (ie Pelipod), [§<]. ByBox Internal Document, Annex 18 to the FMN, '[§<]', July 2022, page 3. Further discussion of TVS Rico's relationship with Pelipod and its planned entry into the supply of lockers is contained below.

<sup>11</sup> [Mergers: Guidance on the CMA's jurisdiction and procedure \(CMA2\)](#), December 2020, paragraphs 6.4–6.6.

<sup>12</sup> [CMA2](#), December 2020, from page 46.

<sup>13</sup> Section 33(1)(a) of the Act.

<sup>14</sup> See shares of supply set out in table 2 of this Decision.

<sup>15</sup> [Merger Assessment Guidelines \(CMA129\)](#), March 2021, paragraph 3.1.

generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. However, the CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.<sup>16</sup>

21. In this case, BT submitted that, [redacted].<sup>17</sup> BT submitted that [redacted]. The CMA therefore considers that such a change in the market would be a consequence of the Transaction and is therefore not an appropriate counterfactual.<sup>18</sup> On this basis, the CMA believes the prevailing conditions of competition to be the appropriate counterfactual in this case.<sup>19</sup> Pelipod's financial performance and BT's plans for Pelipod absent the Transaction are considered, to the extent relevant, in the competitive assessment.

## BACKGROUND

22. As described above, the Parties both supply FSDS solutions, which enable businesses with field workforces to distribute (and return) parts and equipment to employees and contractors (typically engineers) working at different customer locations on a daily basis.
23. There are different ways in which parts and equipment can be delivered to field workforces:
- (a) **Distribution into lockers**, which are secure collection points into which field service parts are deposited.<sup>20</sup> Lockers can typically be accessed 24/7 by engineers using a physical key, code, or an app.<sup>21</sup> The term **Locker Services** is used in this Decision to refer to collection from client site and delivery into lockers, along with the provision of physical lockers themselves.
  - (b) **Distribution into Pick-Up-Drop-Off (PUDO)**, which are collection points often located within retail outlets such as supermarkets and shopping centres, at which parts can be deposited ready for collection by the engineer. PUDO locations may be manned or unmanned, although the Parties estimate that 95% of PUDOs for business customers are manned and therefore lack 24/7 access.<sup>22</sup>

---

<sup>16</sup> [CMA129](#), from paragraph 3.12.

<sup>17</sup> Annex 1 to the Parties' response to the Issues Letter, 28 April 2023. See from paragraph 67 for further discussion of TVS Rico's entry.

<sup>18</sup> [CMA129](#), paragraphs 3.21–3.32.

<sup>19</sup> [CMA129](#), paragraph 3.4 states that 'only events that would have happened in the absence of the merger under review—and are not a consequence of it—can be incorporated into the counterfactual'.

<sup>20</sup> FMN, paragraph 50.

<sup>21</sup> FMN, paragraph 50.

<sup>22</sup> FMN, paragraph 64–65.

- (c) **'In-boot' deliveries (in-boot)**, which refers to the delivery of parts directly to an engineer's vehicle or another designated location overnight.<sup>23</sup>
- (d) **Distribution to/from FSL**, which are large physical locations where a wide selection of stock is held permanently. Engineers can place an order for the part(s) they need, and then the FSL provider (or a third-party courier) delivers to the engineer. Alternatively, the engineer may collect from the FSL.<sup>24</sup>
- (e) **Distribution direct-to-site (courier)**, which delivers parts directly to the engineer (or directly to the end consumer) via a courier, particularly when time-critical.<sup>25</sup>

24. Customers select their FSDS provider either via a formal tender process or via informal bilateral negotiations with one or more potential providers, the latter being the most commonly used procurement process for the Parties' customers.<sup>26</sup>

## FRAME OF REFERENCE

25. Market definition provides a framework for assessing the competitive effects of a merger and involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger, as it is recognised that there can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.<sup>27</sup>

### Product scope

26. The Parties overlap in the supply of FSDS and, in particular, both Parties provide distribution into lockers. However, ByBox submitted that the market definition should include all types of FSDS, without further segmentation regarding the 'end-point' to which field service parts/equipment are delivered, nor the specific means of delivery. In its view, the different types of FSDS are substitutable and FSDS providers compete against each other for customers on this basis.<sup>28</sup> In support of this, ByBox submitted that customers are not prescriptive as to the type of FSDS solution they require, that customers will survey a range of FSDS solutions before choosing a provider,<sup>29</sup> and that there are numerous examples of customers switching from one type of FSDS to another.<sup>30</sup>

---

<sup>23</sup> FMN, paragraph 68.

<sup>24</sup> FMN, paragraph 71.

<sup>25</sup> FMN, paragraph 75.

<sup>26</sup> FMN, paragraph 83.

<sup>27</sup> [CMA129](#), paragraph 9.4.

<sup>28</sup> FMN, paragraphs 39 and 44.

<sup>29</sup> FMN, paragraph 82, 84 and 86.

<sup>30</sup> FMN, paragraph 101.

27. While ByBox considered the relevant product frame of reference to be FSDS as a whole, it acknowledged that a pre-8am delivery is a relevant requirement for a substantial number of customers, and not all forms of FSDS are able to achieve this.<sup>31</sup> On that basis, ByBox submitted that the only appropriate narrower frame of reference is FSDS pre-8am deliveries without further segmentation as to the delivery end-point,<sup>32</sup> as the key requirement for customers is for an in-night delivery.<sup>33</sup>

### **CMA Assessment**

28. The CMA has considered whether the appropriate product frame of reference is the supply of FSDS, or whether a narrower product frame of reference is more appropriate, in particular, 'in-night' FSDS (which focuses on delivery during the night, generally pre-7am or 8am) or locker services only.

29. To assess the product frame of reference, the CMA has considered:

- (a) evidence of customers' switching between different types of FSDS;
- (b) the Parties' internal documents; and
- (c) evidence from third parties.

### *Switching evidence*

30. The Parties provided the CMA with data on their lost customers over the period 2020–2022. The CMA has analysed this data to determine which types of FSDS solutions customers will typically switch between, and the reasons for this switching (where available).

31. The Parties' switching data shows that a large number of customers have switched from locker services to other types of FSDS capable of in-night deliveries. In particular, Table 1 (below) shows that the majority of customers lost by ByBox between 2020 and 2022 switched from locker services to another type of in-night FSDS.<sup>34</sup>

32. Only one quarter of ByBox's customers that switched away switched to another provider offering locker services, while two-thirds switched to either PUDO or in-boot solutions. Over the same period, however, almost two-thirds of Pelipod's lost

---

<sup>31</sup> The solutions that can meet a pre-8am delivery requirement would include locker solutions, PUDO, in-boot and FSL (FMN, paragraph 91), but would exclude direct to site or 'courier' services (next day), where delivery can typically only be guaranteed by 10am (FMN, paragraph 99).

<sup>32</sup> FMN, paragraph 135.

<sup>33</sup> FMN, paragraphs 84 and 86.

<sup>34</sup> Annex 82 to the FMN, '[><]', 1 March 2023; Parties' response to the Issues Letter, May 2023, paragraph 2.4.

customers switched to another provider of locker services with more than one third switching to PUDO between 2020 and 2022.

33. The switching data suggested that a number of the Parties' customers had also switched away from lockers to courier services, however the CMA has concerns about the quality of the switching data relating to courier services and has therefore excluded customers that switched to courier services from its analysis.<sup>35</sup> In particular, the CMA considers that the evidence for ByBox shows that one third of customers that switched from locker services to courier services did so as they no longer required locker services; for one fifth of customers the evidence is unclear as to whether the customers in fact did switch to courier services; and for just under half of customers, ByBox could not provide evidence for the reason behind the switch.

**Table 1: Customer switching analysis**

	Total customers that switched away <sup>36</sup>	PUDO	FSL	In-boot	Locker services
ByBox	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
Pelipod	[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

Source: CMA analysis of the Parties' switching data.

### Internal documents

34. As noted above, customers select their FSDS provider either via a formal tender process or via informal bilateral negotiations with one or more potential providers. The CMA has gathered documentary evidence of customer tender documents, as well as evidence of informal bilateral negotiations to assess whether customers are prescriptive regarding the type of FSDS that they require, and which factors customers consider most important when selecting an FSDS provider.
35. The Parties' tender documents, which represent 10% of all customer opportunities,<sup>37</sup> are generally prescriptive as to the delivery time required, including references to 'in-night', pre-7am or pre-8am, suggesting that this is an important factor for customers when determining an FSDS solution.<sup>38</sup>
36. Additionally, the tender documents suggest that customers are generally willing to consider different FSDS solutions, particularly lockers, PUDO and in-boot solutions, as long as the parts are delivered to the engineers by the required time. Out of 17

<sup>35</sup> The Parties submitted that [redacted] of ByBox's and [redacted] of Pelipod's customers switched to courier services.

<sup>36</sup> [redacted] of ByBox's customers switched to in-house and [redacted] of Pelipod's lost customers are unknown.

<sup>37</sup> FMN, paragraph 158.

<sup>38</sup> See, for example: ByBox Internal Documents, Annex 4 to the FMN, '[redacted]', 2 October 2018; Annex 6 to the FMN, '[redacted]', June 2018; Annex 60 to the FMN, '[redacted]', 12 December 2019; Annex 61 to the FMN, '[redacted]', 23 September 2015; Annex 62 to the FMN, '[redacted]', April 2015; Annex 64 to the FMN, '[redacted]', March 2016; Annex 65 to the FMN, '[redacted]', October 2019; Pelipod Internal Documents, Annex 5 to the FMN, '[redacted]', May 2021; Annex 7 to the FMN, '[redacted]', undated; Annex 68 to the FMN, '[redacted]', March 2021; Annex 69 to the FMN, '[redacted]', 30 July 2021; Annex 71 to the FMN, '[redacted]', March 2021; Annex 56 to the FMN, '[redacted]', 19 November 2018.



tender documents submitted to the CMA<sup>39</sup> just one customer specified a requirement for locker services only.<sup>40</sup> In comparison, two customers specified a locker solution in addition to another FSDS solution<sup>41</sup> and ten customers specified a locker solution or another FSDS solution.<sup>42</sup> Four customers did not specify any type of FSDS solution in the tender documents.<sup>43</sup>

37. The Parties' also provided evidence of informal bilateral negotiations, which represent 90% of all customer opportunities. The overall position from these documents as to whether customers survey a wider pool of FSDS solutions before deciding on a preferred one is mixed. Evidence supplied by the Parties showed that customers in industries supplied by the Parties rely on a variety of different FSDS solutions.<sup>44</sup> The Parties also target customers using other FSDS solutions which suggests that there is a degree of substitutability between the different types of FSDS solutions.<sup>45</sup>

### *Third party evidence*

38. The CMA also considered third parties' views on whether locker services were substitutable with other forms of FSDS, and which factors were most important to customers when selecting an FSDS provider. Customers that responded to the CMA's market testing ranked each type of FSDS solution against the following factors: (i) delivery times, (ii) location/size of the network; (iii) opening times/accessibility; (iv) reputation/reliability; (v) stock control; (vi) security concerns; and (vii) price.<sup>46</sup> These customer rankings showed that the various types of FSDS, although differentiated, were all viewed by the majority of customers as being an alternative to locker services.
39. The CMA has received supportive evidence that in-night delivery is a relevant requirement for many customers and that not all forms of FSDS (particularly courier providers) are able to achieve this.<sup>47</sup> All customers that responded to the CMA's market testing indicated that delivery times were an important or very important factor when selecting an FSDS provider.<sup>48</sup> In particular, customers noted that a timely delivery (ie before the engineers start their work) is important for several

---

<sup>39</sup> The CMA also received an additional tender document which is 14 years old, and therefore not included in the above assessment. Annex 56 to the FMN, '[redacted]', February 2009.

<sup>40</sup> Pelipod Internal Document, Annex 71 to the FMN, '[redacted]', March 2021.

<sup>41</sup> ByBox Internal Documents, Annex 6 to the FMN, '[redacted]', June 2018, page 3; and Annex 68 to the FMN, '[redacted]', 2021.

<sup>42</sup> ByBox Internal Documents, Annex 4 to the FMN, '[redacted]', 2 October 2018, page 11, Annex 70 to the FMN, '[redacted]', undated; Annex 72 to the FMN, '[redacted]', 19 November 2018; Annex 59 to the FMN, '[redacted]', November 2016; Annex 60 to the FMN, '[redacted]', December 2019; Annex 62 to the FMN, '[redacted]', April 2015; Annex 64 to the FMN, '[redacted]', March 2016; Annex 65 to the FMN, '[redacted]', October 2019. Pelipod Internal Document, Annex 69 to the FMN, '[redacted]', July 2021.

<sup>43</sup> Pelipod Internal Document, Annex 66 to the FMN, '[redacted]', 5 September 2022. ByBox Internal Documents, Annex 61 to the FMN, '[redacted]', September 2015; Annex 58 to the FMN, '[redacted]', January 2014; Annex 67 to the FMN, '[redacted]', 26 February 2021.

<sup>44</sup> Annex 2 to the Parties' response to the Issues Letter, May 2023.

<sup>45</sup> See, for example: Pelipod Internal Documents, Annex 178 to the FMN, '[redacted]', 5 February 2021; Annex 181 to the FMN, '[redacted]', 5 October 2021. ByBox Internal Document, Annex 111 to the FMN, '[redacted]', 23 September 2020.

<sup>46</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>47</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>48</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

reasons (such as meeting customers specified service level agreements, supporting engineers and allowing for long term planning), with a subgroup of customers specifically mentioning pre-8am deliveries as the relevant delivery time to ensure that engineers have stock to complete their work.<sup>49</sup>

40. Even though customers ranked courier services against all relevant factors, including delivery times, the overall evidence received from third parties is consistent with excluding courier services from the product frame of reference. In particular, one third party stated that the requirement for in-night deliveries (often pre-7am or pre-8am) made it difficult for next-day courier services to compete with other FSDS solutions.<sup>50</sup> In addition, third party couriers told the CMA that, although their services may be utilised by FSDS customers, their services were not marketed directly to such customers.<sup>51</sup>

### **Conclusion on product scope**

41. For the reasons set out above, while the evidence is mixed, the CMA considers, based on its assessment of the evidence in the round, that the relevant product frame of reference to be the supply of in-night FSDS which includes locker services, PUDO, in-boot and FSL. Given that courier services are unable to meet customers' strict in-night requirements, these services have been considered as an out-of-market constraint where relevant in the competitive assessment.

### **Geographic scope**

42. The Parties' submitted that the appropriate geographic frame of reference is UK-wide because providers of FSDS all operate on a nationwide basis.<sup>52</sup>
43. All customers that responded to the CMA's market testing confirmed that they procured FSDS on a national basis<sup>53</sup> (although some may have minimal local differences depending on the solution).<sup>54</sup> The Parties' internal documents in relation to procurement opportunities similarly support this view.<sup>55</sup>
44. In any event, the CMA does not consider that its findings in the competitive assessment would be significantly different if competition were assessed at the local

---

<sup>49</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>50</sup> Note of a call with a third party, April 2023, paragraph 4.

<sup>51</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>52</sup> FMN, paragraph 134; ByBox Internal Documents, Annex 60 to the FMN, '[<]'], December 2019; Annex 62 to the FMN, '[<]'], April 2015; Annex 63 to the FMN, '[<]'], 20 May 2015, page 4; Pelipod Internal Document, Annex 69 to the FMN, '[<]'], July 2021.

<sup>53</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>54</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>55</sup> ByBox Internal Documents, Annex 4 to the FMN, '[<]'], October 2018, page 7; Annex 5 to the FMN, '[<]'], May 2021; Annex 6 to the FMN, '[<]'], June 2018, pages 22–29; Annex 7 to the FMN, '[<]'], undated, page 1–2; Annex 56 to the FMN, '[<]'], February 2009; Annex 57 to the FMN, '[<]'], November 2018; Annex 58 to the FMN, '[<]'], January 2014; Annex 60 to the FMN, '[<]'], December 2019; Annex 61 to the FMN, '[<]'], September 2015; Annex 59 to the FMN, '[<]'], November 2016; Annex 62 to the FMN, '[<]'], April 2015; Annex 64 to the FMN, '[<]'], March 2016; Annex 65 to the FMN, '[<]'], October 2019. Pelipod Internal Documents, Annex 69 to the FMN, '[<]'], July 2021; Annex 71 to the FMN, '[<]'], March 2021.

level, given that FSDS providers (including the Parties) are present nationwide (irrespective of the solution they offer).

45. The CMA therefore considers that the appropriate geographic frame of reference is UK-wide.

### **Conclusion on frame of reference**

46. For the reasons set out above, the CMA has considered the impact of the Transaction in the following frame of reference: the supply of in-night FSDS in the UK.

## **COMPETITIVE ASSESSMENT**

### **Horizontal unilateral effects**

47. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.<sup>56</sup> The CMA has assessed whether it is or may be the case that the Transaction has resulted, or may be expected to result, in an SLC in relation to horizontal unilateral effects in the supply of in-night FSDS in the UK.
48. In order to assess the likelihood of the Transaction resulting in horizontal unilateral effects in the supply of in-night FSDS in the UK, the CMA has considered:
- (a) shares of supply;
  - (b) closeness of competition between the Parties; and
  - (c) the significance of alternative constraints.

### ***Shares of supply***

49. The Parties provided estimates of their shares of supply for FSDS overall (by value and volume) and FSDS pre-8am deliveries only (by value), in the UK. The CMA also produced its own estimates of the share of supply for in-night FSDS using data gathered as part of its market testing. As set out in Table 2 below, the CMA estimates that the Parties' combined shares of supply (by value) is [60-70]%, with an increment of [0-5]%.

---

<sup>56</sup> [CMA129](#), paragraph 4.1.

**Table 2: CMA estimates of shares of supply of in-night FSDS in the UK (2021)**

Provider	Revenue (£ million, 2021)	Share (by value)
ByBox	[><]	[50-60%]
Pelipod	[><]	[0-5%]
<b>Combined</b>	[><]	<b>[60-70%]</b>
TVS Rico	[><]	[10-20%]
UPS	[><]	[10-20%]
DPD / CitySprint	[><]	[5-10%]
Total	[><]	100%

Source: CMA analysis

50. The CMA considers that the Merged Entity would be the largest supplier with the combined share of [60-70%] which is sufficient to raise prima facie concerns. However, the CMA also notes that Pelipod is the smallest player in the supply of in-night FSDS by some way (being only around one-fifteenth the size of ByBox, such that there is very little increment to ByBox's existing market share as a result of the Transaction) and that several other competitors have a notable presence in the market. For example, TVS Rico is over four times the size of Pelipod, and both UPS and DPD / CitySprint are over double the size of Pelipod. Finally, the CMA also notes that there are a number of smaller FSDS providers offering PUDO, in-boot and FSL solutions which are not included in these shares of supply as set out in more detail in paragraph 58 below.

### ***Closeness of competition***

51. In differentiated markets, horizontal unilateral effects are more likely where the merger firms are close competitors or where their products are close substitutes.<sup>57</sup>
52. In assessing closeness of competition between the Parties, the CMA has considered:
- (a) the Parties' submissions;
  - (b) evidence of customers' switching between different types of FSDS;
  - (c) the Parties' internal documents; and
  - (d) third-party views.

### ***The Parties' submissions***

53. The Parties submitted that they are not each other's closest competitor and that there are important differences between the Parties.<sup>58</sup> In particular:

---

<sup>57</sup> [CMA129](#), paragraph 4.8.

<sup>58</sup> FMN, paragraphs 49 and 170; Parties' response to the Issues Letter, paragraphs 1.2–1.3 and 3.1–3.12.

- (a) customers place more importance on the overall service and cost proposition than they do on the drop-off point;
- (b) Pelipod is a small player, who has lost customers due to [REDACTED]; does not offer [REDACTED]; and does not offer [REDACTED];
- (c) ByBox operates a number of assets within the logistic chain whereas Pelipod only owns and operates a locker network, partnering with TVS Rico (who is also a key competitor) in order to offer all other parts to the logistics chain (ie the distribution network); and
- (d) customers are not generally prescriptive as to the type of drop-off point they require and switch away from lockers to other FSDS solutions and vice versa. As a result, the fact that the Parties are the only two direct providers of FSDS services into lockers does not necessarily mean that they are each others' closest competitor.

#### *Switching evidence*

- 54. The CMA has considered the evidence of customers switching away from the Parties, and whether customers typically switch to the other merging Party or to other FSDS providers.
- 55. The switching data suggests that Pelipod was not providing a strong constraint on ByBox, with only one quarter of ByBox's lost customers switching to Pelipod between 2020 and 2022.<sup>59</sup> The Parties' switching data suggests, however, that just over half of Pelipod's lost customers switched to ByBox's locker services between 2020 and 2022.

#### *Internal documents*

- 56. The CMA has also assessed the Parties' internal documents, and the extent to which they provide evidence of the Parties' closely competing with other another.
- 57. Consistent with the switching data, each Party's internal documents identify the other Party as a material competitor.<sup>60</sup>

---

<sup>59</sup> ByBox Internal Document, Annex 82 to the FMN, '[REDACTED]', 1 March 2023. CMA analysis of the Parties' switching data.  
<sup>60</sup> Pelipod Internal Documents, Annex 51 to the FMN, '[REDACTED]', September 2017, slide 2; and Annex 46 to the FMN, '[REDACTED]', December 2022, slide 1 and ByBox Internal Documents, Annex 18 to the FMN, '[REDACTED]', July 2022, page 1; Annex 150 to the FMN, '[REDACTED]', March 2022, slide 2; and Annex 122 to the FMN, '[REDACTED]', March 2022, slide 1.

### *Third party views*

58. The majority of third parties that responded to the CMA's market testing consider that the Parties compete closely despite differences in the Parties' offerings.<sup>61</sup> In particular, customers noted:
- (a) the Parties have similar service offerings, with the service delivery acting as the key differentiator between them;
  - (b) overall business considerations and running costs are comparable; and
  - (c) the Parties are the only two real options for customers that require a locker solution.
59. Additionally, a number of customers that responded to the CMA's market testing mentioned both ByBox and Pelipod as providers that they had considered or approached when deciding on their current FSDS provider.<sup>62</sup>
60. However, several customers have also recognised that Pelipod is generally a weaker provider than ByBox and some of the other FSDS providers.<sup>63</sup> In particular, it was noted that the Parties' offerings are each quite unique; and that Pelipod's solution is inferior to ByBox's solution. A small number of customers had never heard of or considered Pelipod when they were selecting an FSDS solution.<sup>64</sup>

### *Conclusion on closeness of competition*

61. On the basis of the evidence set out above, the CMA therefore considers that the Parties compete relatively closely in the supply of in-night FSDS in the UK, despite the differences in their business model. In particular, the CMA considers that ByBox is a particularly close competitor to Pelipod, though the evidence is more mixed the other way around, with Pelipod appearing to offer a weaker constraint on ByBox, which is consistent with Pelipod's very small relative size.

### ***Competitive constraints***

62. When considering horizontal unilateral effects, the CMA's main consideration is whether there are sufficient remaining good alternatives to constrain the merged entity post-merger.<sup>65</sup> In particular, the CMA has assessed the following in-night FSDS providers and the extent to which they will continue to provide a competitive constraint on the Merged Entity post-Transaction:

---

<sup>61</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>62</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>63</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>64</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>65</sup> [CMA129](#), paragraph 4.3.

- (a) TVS Rico;
- (b) UPS;
- (c) DPD / CitySprint;
- (d) other FSDS providers offering lockers, PUDO, in-boot and FSL solutions; and
- (e) out-of-market courier providers.

### *The Parties' submissions*

63. The Parties submitted that the competitive landscape includes distribution into lockers, PUDO locations, FSL, in-boot and courier services. The Parties noted that the collection/drop off point is only one component of the overall delivery service offered by FSDS suppliers, and that the Parties actively compete against suppliers of FSDS offering alternative drop-off points.<sup>66</sup>
64. ByBox also indicated that in any given commercial opportunity for FSDS, ByBox expects at least four suppliers to be in contention (including ByBox and Pelipod), invariably including some of the following other suppliers: TVS Rico, DHL, UPS, DPD / CitySprint, and FedEx.<sup>67</sup> ByBox explained that it faces significant competitive threats from a number of FSDS suppliers and solutions.<sup>68</sup>
65. Additionally, ByBox submitted that:
- (a) TVS Rico is ByBox's closest competitor, and that it faces greater competition from TVS Rico than it does from Pelipod;<sup>69</sup>
  - (b) DPD / CitySprint is a strong market player which ByBox regards as a significant competitive threat, particularly for various customer segments ByBox targets, where customers tend to choose DPD / CitySprint's in-boot solution as the most practical opportunity for their deliveries;<sup>70</sup> and
  - (c) UPS is a significant competitor to ByBox, particularly via its in-boot FSDS offering.<sup>71</sup>

### *TVS Rico*

66. TVS Rico provides PUDO, FSL, in-boot, and courier services. TVS Rico also currently offers locker services to its customers using Pelipod's locker network, but it

---

<sup>66</sup> FMN, paragraphs 46 and 48.

<sup>67</sup> FMN, paragraph 171.

<sup>68</sup> Annex 164 to the FMN.

<sup>69</sup> Parties' response to the Issues Letter, paragraph 4.2.

<sup>70</sup> Annex 164 to the FMN, paragraphs 21–24.

<sup>71</sup> Annex 164 to the FMN, paragraph 25.

announced in March 2023 that it is developing its own locker network.<sup>72</sup> In addition, TVS Rico is already in part active directly in the provision of locker services through its sub-contracted role providing the in-night distribution services underpinning Pelipod's locker offering. TVS Rico is unique in its ability to offer a full range of FSDS services to customers, which gives TVS Rico a competitive advantage over the Parties.<sup>73</sup>

67. The CMA estimates that TVS Rico has a share of supply of [10-20]% (see Table 2). TVS Rico's strength is also recognised in the Parties' switching data, with 58% of ByBox's customers that switched from lockers to another in-night FSDS provider switching to TVS Rico's PUDO solution, as well as 15% of Pelipod's customers.<sup>74</sup>
68. The Parties' internal documents also recognise TVS Rico as a main competitor to the Parties, with references to its low pricing and ability to offer multiple solutions.<sup>75</sup> ByBox's internal documents also demonstrate that it closely monitors TVS Rico, by identifying and recording customers that have switched or are considering switching to TVS Rico.<sup>76</sup> The CMA has also seen evidence in one ByBox internal document of its willingness to offer a price discount to retain a customer that was considering moving to TVS Rico.<sup>77</sup>
69. Finally, a large number of customers that responded to the CMA's market testing mentioned TVS Rico as a provider that they had considered or approached when deciding on their current FSDS provider.<sup>78</sup> Additionally, some competing FSDS providers told the CMA that TVS Rico was a strong alternative solution to ByBox and Pelipod's FSDS offerings, with another two FSDS providers ranking TVS Rico as offering a weak-moderate alternative to the Parties' lockers.<sup>79</sup>
70. Further, the CMA considers that TVS Rico's strong position and the competitive constraint it imposes on the Parties is likely to increase in future, due to the launch of its own locker network, announced in March 2023. TVS Rico submitted that [REDACTED].<sup>80</sup>
  - (a) [REDACTED].
  - (b) [REDACTED].

---

<sup>72</sup> TVS Rico announced the [launch of its own locker network](#) on LinkedIn.

<sup>73</sup> Note of a call with a third party, April 2023, paragraph 5.

<sup>74</sup> CMA analysis of the Parties' switching data.

<sup>75</sup> Pelipod Internal Document, Annex 52 to the FMN, '[REDACTED]', 15 July 2019, slide 12; ByBox Internal Documents, Annex 104 to the FMN, '[REDACTED]', 30 October 2020, page 1; Annex 18 to the FMN, '[REDACTED]', July 2022, page 3.

<sup>76</sup> See for example: ByBox Internal Documents, Annex 126 to the FMN, '[REDACTED]', March 2023, page 1; Annex 130 to the FMN, '[REDACTED]', undated, page 2; Annex 141 to the FMN, '[REDACTED]', January 2022, page 1; Annex 134 to the FMN, '[REDACTED]', January 2018, page 1; and Annex 150 to the FMN, '[REDACTED]', undated, slide 2.

<sup>77</sup> ByBox Internal Document, Annex 86 to the FMN, '[REDACTED]', April 2020, pages 1–2.

<sup>78</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>79</sup> Note of a call with a third party, March 2023, paragraph 9. Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>80</sup> TVS Rico's response to the CMA's section 109 notice, 13 April 2023.



71. TVS Rico submitted that deployment of its own locker network will:<sup>81</sup>
- (a) allow it to continue to offer a complete multi-function FSDS solution; and
  - (b) allow it to provide standalone locker services should customers choose to select TVC Rico.
72. TVS Rico submitted that its locker network [REDACTED],<sup>82</sup> which the CMA considers is sufficiently large to compete with the Parties. [REDACTED].<sup>83</sup> The CMA also considers that TVS Rico has the ability to expand its locker network in the future, should it wish to do so, due to its unique position in the market; TVS Rico already provides a wide suite of FSDS services, including lockers, has access to FSDS customers, and has its own in-night distribution network.
73. Therefore, the CMA considers that TVS Rico currently exercises a strong constraint on the Parties, and that this will likely increase in future.

### UPS

74. UPS provides PUDO, FSL and in-boot services. As an alternative to its in-boot service, UPS also offers a locker solution to a limited number of its customers through an agreement with Pelipod.<sup>84</sup> UPS is also a significant supplier of courier services which are considered as an out-of-market constraint in paragraph 63 below.
75. The CMA estimates that UPS has a share of supply of [10-20]% (see Table 2 above). The Parties' internal documents recognise UPS as a competitor in the FSDS market generally,<sup>85</sup> and in relation to specific customer opportunities.<sup>86</sup> In particular, UPS' in-boot offering is recognised as being a strong, if not the main, constraint for customers in specific industries such as materials handling, white goods and IT.<sup>87</sup> The CMA has also seen one example of ByBox offering a significant discount in order to prevent a customer from switching to UPS' in-boot solution.<sup>88</sup>
76. Additionally, UPS has been considered or approached by one customer that responded to the CMA's market testing when deciding on its current FSDS provider.<sup>89</sup> One competitor considered UPS' PUDO, FSL, and in-boot offerings to be

---

<sup>81</sup> TVS Rico's response to the CMA's section 109 notice, 13 April 2023.

<sup>82</sup> TVS Rico's response to the CMA's section 109 notice, 13 April 2023.

<sup>83</sup> TVS Rico's response to the CMA's section 109 notice, 12 May 2023.

<sup>84</sup> FMN, Annex 165, paragraph 4.1.

<sup>85</sup> ByBox Internal Documents, Annex 92 to the FMN, '[REDACTED]', 2021; Annex 104 to the FMN, '[REDACTED]', October 2020, page 1; Annex 111 to the FMN, '[REDACTED]', September 2020; Annex 4 to the Parties' response to the Issues Letter, slide 5.

<sup>86</sup> ByBox Internal Documents, Annex 35 to the FMN, '[REDACTED]', 2 November 2021, slide 10; Annex 110 to the FMN, '[REDACTED]', August 2018; Annex 109 to the FMN, '[REDACTED]', 21 January 2021; Annex 130 to the FMN, '[REDACTED]', undated.

<sup>87</sup> FMN, RFI 1 Table 5 and 6 provide a breakdown of the Parties' respective customer base by industry. Home appliance (white goods) represent [REDACTED]% of ByBox's revenues; materials handling represent [REDACTED]% of ByBox's revenues and [REDACTED]% of Pelipod's revenues; and IT represent [REDACTED]% of ByBox's revenues and [REDACTED]% of Pelipod's revenues. See also Pelipod Internal Document, Annex 166 to the FMN, '[REDACTED]', September 2022, slide 10.

<sup>88</sup> ByBox Internal Document, Annex 110 to the FMN, '[REDACTED]', 7 August 2018.

<sup>89</sup> Response to the CMA's questionnaire from a third party, March 2023.

strong alternatives to the Parties' lockers, whilst another competitor mentioned UPS' in-boot solution as a moderate-strong alternative.<sup>90</sup> Another competitor told the CMA that, as a significant provider of in-boot services, UPS was one of the main competitors in relation to in-night FSDS alongside the Parties, TVS Rico, and CitySprint.<sup>91</sup>

77. Therefore, the CMA considers that UPS would continue to exercise a material constraint on the Merged Entity following the Transaction, particularly through its in-boot service offering.

#### *DPD / CitySprint*

78. DPD / CitySprint provides PUDO, FSL, and in-boot services.<sup>92</sup> DPD / CitySprint is also a significant supplier of courier services which are considered as an out-of-market constraint in paragraph 63 below.
79. The CMA estimates that DPD / CitySprint has a share of supply of [5–10]%. ByBox internal documents show that DPD / CitySprint's in-boot service is considered to be a competitive threat by ByBox, particularly in relation to specific customer industries such as white goods and electric vehicles.<sup>93,94</sup> DPD / CitySprint is recognised as the incumbent supplier for a number of customer opportunities that ByBox is monitoring.<sup>95</sup> Pelipod internal documents also recognise DPD / CitySprint as a competitor offering PUDO, FSL, in-boot, and courier services.<sup>96</sup> The CMA has also seen one example of ByBox offering a discount in order to win a customer from DPD / CitySprint.<sup>97</sup>
80. Additionally, DPD / CitySprint was considered by two customers that responded to the CMA's market testing as a provider that they had considered or approached when deciding on their current FSDS provider.<sup>98</sup> One competitor considered DPD / CitySprint's FSL offering as an alternative to the Parties' lockers.<sup>99</sup> Another competitor told the CMA that, as a significant provider of in-boot services, DPD /

---

<sup>90</sup> Responses to the CMA questionnaire from a number of third parties, March 2023.

<sup>91</sup> Note of a call with a third party, March 2023, paragraph 9.

<sup>92</sup> CitySprint's website provides more details about its [FSL offering](#) and its [in-boot services](#). DPD's website provides more details about its [courier services and PUDO offering](#).

<sup>93</sup> FMN, RFI 1 Table 5 and 6 provide a breakdown of the Parties' respective customer base by industry. Home appliance (white goods) represent [x<] % of ByBox's revenues and [x<], and automotive (which could include electric vehicles, although it is not determined in the tables) represent [x<] % of ByBox's revenues and [x<] % of Pelipod's revenues.

<sup>94</sup> ByBox Internal Documents, Annex 102 to the FMN, '[x<]', October 2020; and Annex 104 to the FMN, '[x<]', October 2020.

<sup>95</sup> See for example: ByBox Internal Documents, Annex 105 to the FMN, '[x<]', 2021; Annex 106 to the FMN, '[x<]', undated, slide 2 and Annex 108 to the FMN, '[x<]', undated, slide 1; Annex 37 to the FMN, '[x<]', 3 August 2021, slide 29.

<sup>96</sup> Pelipod Internal Documents, Annex 166 to the FMN, '[x<]', September 2022, slide 10; Annex 52 to the FMN, '[x<]', July 2029, slide 12; Annex 4 to the Parties' response to the Issues Letter, May 2022.

<sup>97</sup> ByBox Internal Document, Annex 103 to the FMN, '[x<]', 10 March 2023.

<sup>98</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>99</sup> Response to the CMA's questionnaire from a third party, March 2023.

CitySprint was one of the main competitors in relation to in-night FSDS alongside the Parties, TVS Rico, and UPS.<sup>100</sup>

81. Therefore, the CMA considers that DPD / CitySprint would continue to exercise a material constraint on the Merged Entity following the Transaction.

*Other FSDS providers offering lockers, PUDO, in-boot and FSL solutions*

82. The Parties identified a number of FSDS providers that offer one or more types of FSDS (including lockers via partnership with one or other of the Parties, PUDO, in-boot or FSL) that compete against them for FSDS customers, including Royal Mail, FedEx, GXO, GenRev, and Flash Global.<sup>101</sup>
83. Some of these FSDS providers were mentioned by customers as providers they had considered or approached when deciding on their current FSDS provider, suggesting that there are additional competitors in the market that supply PUDO, in-boot and FSL solutions that could continue to offer a competitive constraint on the Merged Entity following the Transaction, including some suppliers not mentioned by the Parties, such as Choice Logistics and Menzies.<sup>102</sup> This view is supported by the Parties' internal documents.<sup>103</sup>
84. The CMA therefore considers that FSDS providers offering PUDO, in-boot and FSL solutions would continue to exercise some constraint on the Merged Entity post-Transaction.

*Out-of-market courier providers*

85. Finally, the Parties' submitted a list of providers that offer courier services to FSDS customers, including TVSSCS (TVS Rico's parent company), UPS, DPD / CitySprint, time:matters, Carousel and DHL.<sup>104</sup> Some of these providers have already been considered above in relation to their non-courier offerings.
86. There are a number of more limited references to courier providers in the Parties' internal documents, some of which also offer other FSDS solutions.<sup>105</sup> In particular, there is some evidence in ByBox internal documents that couriers have competed for specific opportunities or are a customers' incumbent provider.<sup>106</sup> Also, some of

---

<sup>100</sup> Note of a call with a third party, March 2023, paragraph 9.

<sup>101</sup> FMN, Table 10.

<sup>102</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>103</sup> ByBox Internal Documents, Annex 98 to the FMN, '[<]'], undated, slide 3; Annex 37 to the FMN, '[<]'], 3 August 2021, slide 29; Annex 145 to the FMN, '[<]'], 8 August 2019, page 4; Annex 37 to the FMN, '[<]'], 3 August 2021, slide 37; and Annex 99 to the FMN, '[<]'], undated, slide 2.

<sup>104</sup> FMN, Table 10.

<sup>105</sup> ByBox Internal Document, Annex 92 to the FMN, '[<]'], 2021; Annex 29 to the FMN, '[<]'], 16 August 2022; Annex 37 to the FMN, '[<]'], 3 August 2021, slide 37; and Annex 99 to the FMN, '[<]'], undated, slide 2.

<sup>106</sup> ByBox Internal Document, Annex 29 to the FMN, '[<]'], 16 August 2022, pages 24–26; Annex 125 to the FMN, '[<]'], 3 January 2019, page 3; Annex 35 to the FMN, '[<]'], 2 November 2021, slide 10; Annex 37 to the FMN, '[<]'], 3 August 2021, slide 28–29.

these courier providers have been mentioned by customers or competitors as providers that can offer an alternative solution to the Parties' locker services.<sup>107</sup>

87. However, the vast majority of customers that responded to the CMA's market testing ranked courier services as a one or two (out of five) in relation to their suitability as an alternative to lockers (where one is not suitable and five is equally as suitable to lockers). In particular, customers mentioned issues around the traceability of parcels and lost stock, cost, more responsibility on customers and failure to comply with customers service level agreements.<sup>108</sup>
88. The CMA considers that, although couriers are generally not able to guarantee in-night delivery pre-8am, which the majority of FSDS customers require, they would nevertheless pose a limited out-of-market constraint on the Merged Entity following the Transaction.

### ***Conclusion on horizontal unilateral effects***

89. For the reasons set out above, the CMA considers that while the Parties appear to compete relatively closely in the supply of in-night FSDS in the UK, as the only two providers of locker services (despite their differences in their business model), Pelipod is a small competitor and the increment in the share of supply is small. Furthermore, the Merged Entity will continue to face strong competitive constraints from several other FSDS providers.
90. Accordingly, the CMA found that the Transaction does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in relation to the supply of in-night FSDS in the UK.

## **BARRIERS TO ENTRY AND EXPANSION**

91. Entry, or expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC. In assessing whether entry or expansion might prevent an SLC, the CMA considers whether such entry or expansion would be timely, likely and sufficient.<sup>109</sup>
92. The Parties submitted that there are low barriers to entry and that TVS Rico's planned entry into the locker segment is clear evidence of the ease and feasibility of expansion into the lockers segment of FSDS, particularly for existing logistics players.<sup>110</sup>

---

<sup>107</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

<sup>108</sup> Responses to the CMA's questionnaire from a number of third parties, February 2023.

<sup>109</sup> [CMA129](#), from paragraph 8.40.

<sup>110</sup> FMN, paragraph 194.

93. The CMA has received evidence from several FSDS providers indicating that there are barriers to entering into the provision of lockers specifically such as sourcing lockers, setting up the locker estate and developing the right technology.<sup>111</sup> However, despite this, the CMA considers that TVS Rico appears to be developing its locker network at a relatively fast pace (as it was announced in March 2023 and planned to be live by [REDACTED]) which suggests that any barriers to entry and expansion, particularly for those providers already supplying an FSDS solution are relatively low.
94. However, the CMA has not had to conclude on barriers to entry or expansion as the Transaction does not give rise to competition concerns on any basis.

---

<sup>111</sup> Responses to the CMA's questionnaire from a number of third parties, March 2023.

## **DECISION**

95. Consequently, the CMA does not believe that it is or may be the case that the Transaction may be expected to result in an SLC within a market or markets in the United Kingdom.
96. The Transaction will therefore not be referred under section 33(1) of the Act.

**Sorcha O'Carroll**  
**Senior Director, Mergers**  
**Competition and Markets Authority**  
**31 May 2023**