CMA Markets Strategic Review Consultation Response from Pitney Bowes

We consider the market to be open and transparent, and that the issues the undertakings were originally designed to address no longer appear to arise in practice. Our view that the undertakings continue to be appropriate is based on how the market operates in practice rather than on formal market analysis.

At a broad level, the undertakings appear to have addressed the main issues they were intended to tackle:

- **Third party access and openness:**

  The market has been opened to third party suppliers and service providers. There are now a significant number of authorised resellers, including both manufacturers and independent resellers/servicers. This indicates a market that is open and competitive at the downstream level. Resellers operate as independent organisations and are engaged on fair, reasonable and non--discriminatory terms, consistent with the undertakings.

- **Consumables and cartridges:**

  Given the size of the installed base and the scale of the market, it does not appear realistic for manufacturers to restrict access to compatible consumables. In practice, multiple compatible options are available from third--party suppliers.

- **Price transparency:**

  Pricing for machines, services and consumables is widely visible and readily comparable, meaning that price transparency is well established in the current market environment.

- **Market alternatives:**

  There are now a range of alternatives available to organisations that wish to print postage without operating a franking machine, further reducing any risk of customer lock--in.

From our perspective, the undertakings do not impose operational difficulty and we have no objection to them remaining in place. At the same time, we note the CMA's comments regarding the burden of monitoring and enforcement. In particular, it may be appropriate to consider whether certain ongoing requirements (such as periodic compliance processes) remain necessary and proportionate in light of current market conditions.

More generally, the undertakings appear to have been successful in shaping a market that would be unlikely to revert to the conditions that gave rise to them, even if they were removed.