[redacted]

From: Hard to Find Books <[redacted]>
Sent: Friday, 3 November 2023 3:23 pm
To: Registrar
Subject: NZPost acquisition of PBT, submission

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To the Commerce Commission,

This letter is to object to the sale of PBT to NZPost. It is not in the interests of competition and could have a serious negative effect on the economy as many customers are reliant on one or both of these businesses, and a merger will damage PBT's standard of services.

Unlike previous Commerce Commission rulings on NZP acquisitions (1997), we urge the commission to take into account not just the size and market dominance of the emergent entity, but also the deleterious effects on standard of quality.

We are currently with PBT because NZPost's service is so bad.

NZPost has been in decline over the last decade, and we anticipate that a merger will result in (1) a serious decline in the quality of PBT's service, and (2) an increase in prices.

Below is an extensive, though not exhaustive, list of reasons why we think this will be the case.

- <u>NZPost are committed to cutting costs and passing them onto the consumer:</u>
    - Over the last decade, NZP has closed many post office branches. For us, this currently means that we have to travel across town to send packages that PBT cannot deliver (PO boxes, offshore islands).
    - NZP will tell you that the closure of dedicated post offices makes no difference, as they have partnered with many dairies and other businesses where you may send items. This is a lie: these are bare bones facilities that don't have access to customer accounts, and thus cannot apply our discounted rates (due to the volume that we send). Thus, we must pay more per package, or travel across town.
- <u>Steadily declining quality of service:</u>
    - Due to a post Covid increase in volume of packages sent, we were "upgraded" to a new rep. This resulted in worsening service: claims for lost packages were no longer handled ("not my job, call customer service") and service changes were poorly described. In one instance, our rates were misquoted, resulting in a ~$5000 overcharge and a subsequent lengthy process to get this sorted out. Indeed, the rep who had misquoted our rates ended up ghosting us for a while, before replying — not with an apology or any solutions — but with an introduction to M—, our new rep, who was "sure to provide fantastic service." Unfortunately, but not unexpectedly, this rep was not sufficiently technically proficient in billing and digital portal matters, resulting in several months of work on our part to fight our way to a person who could actually understand and resolve the matter.
- <u>Seriously buggy digital portal:</u>
    - NZP makes much of their digital portal, wherein customers are required to generate shipping labels by entering in package details themselves — effectively, this means the customer does more work per package and saves NZP money thereby.
    - This digital portal ("eship") has significant technical issues. Different services (tracked, courier, etc.) have several different names, and a NZP likes to change some or all of these names every year or so.
    - More concerningly, we have been told many times over the years that the prices the eship portal displays are accurate, when they obviously are not. A typical interaction with NZP about this goes like:
        - "Is this price correct? It is different to what we were quoted."

        - "Yes — all prices in eship are correct."
        - "But it looks wrong" [sends screenshots]
        - "Oh, it *does* seem to be wrong. How peculiar. I have fixed this for you now" [proceeds to break something else in eship]
        - Repeat *ad infinitum*
    - Recently, we have done a deep audit of eship, and found many little bugs. It should be noted that the rates NZP quotes to customers are laid out in an opaque, convoluted kind of way: as mentioned, each service has an abundance of names (typically three) and the *components* of the calculation used to derive the rates are provided, but not the calculations themselves. With patience, basic spreadsheet proficiency and a few hours spare time, one can reverse engineer the calculations. Having done this, we have reason to believe that **the typical NZP customer is likely being overcharged hundreds of dollars a year or more, depending on volume sent.** For example, some of the digital portal glitches we have found:
        - Countries in one region (eg Asia) have been quoted to us at the same rate, but eship has been charging different prices to different countries
        - Some countries and some services are charged according to exact weight (eg different prices for 0.41kg, 0.42kg, 0.43kg etc.). Others, however, are charged in discrete steps (eg. same price for 0.2—0.4kg, different price for 0.4—0.6kg, etc.). In the rates quoted, nowhere is this made clear, and can result in customers being overcharged about 60cents per package, which, with high volume businesses like ours, can easily result in hundreds or even thousands of dollars overcharging each year. **We have been told that we are the only customers to have raised these issues — thus, we strongly suspect that most customers have been dissuaded by the opaque nature of the rates quoted and the time/effort it takes to test things in eship to properly audit their bills.**
        - Eship maths is not the same maths you and I are accustomed to — for instance, one service consistently rounds up (eg. rounds $0.444 ***up*** to $0.45)
    - Some of the above issues have been resolved for us, and others are still being worked on. And this only because we have taken the time to deeply examine the workings of the eship portal (something we had to burn through 2x reps to get to someone who had the technical expertise to address) — **thus, we strongly suspect most NZP customers are being overcharged to a greater or lesser degree.**
    - Unlike PBT's "analogue" stickering method of sending packages, NZP is very likely to force customers to migrate to their much lauded, but in practice awful, digital portal, shifting labour to customers and "saving" money thereby

We believe it is in consumers' best interest to have different courier companies available, so that prices and standards of service remain competitive. Every year, we see NZP making much of their increasing quality of service, in newsletters, flashy advertisements, etc. But our actual experience of their service, which is extensive, does not bear this out. Rather than investing in making their own service better, what we here see instead is NZP investing in acquiring a competitor, reducing consumers' alternative options. NZP will then be able to point to their increased revenue and volume to be able to say, "look, we must be doing a good job" — when in fact, over the decades, we have only seen worsening service and currently are yet to see any sign of a reversal in the direction of travel. By gobbling up the competition, NZP will then be in a stronger position to raise prices however they see fit. Thus, we must object, in the strongest terms, to the proposed acquisition of PBT by NZP.

Yours sincerely,
Blaze Forbes
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