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**COMMERCE ACT 1986: BUSINESS ACQUISITION SECTION 66: NOTICE SEEKING
CLEARANCE**

2 April 2015

The Registrar
Business Acquisitions and Authorisations
Commerce Commission
PO Box 2351
WELLINGTON

Pursuant to s66(1) of the Commerce Act 1986 notice is hereby given seeking **clearance** of a proposed business acquisition.

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SUMMARY OF APPLICATION

- 1.1 Staples, Inc. ("**Staples**") seeks clearance to acquire all of the outstanding shares of Office Depot, Inc. ("**Office Depot**"). This will be implemented by Staples AMS, Inc ("**SAMS**"), a wholly-owned subsidiary of Staples, merging with and into Office Depot, with Office Depot surviving as a wholly-owned subsidiary of Staples (the "**Proposed Transaction**").
- 1.2 Staples and Office Depot (together the "**Parties**") are both, primarily, workplace products supply companies with operations in various countries, including in New Zealand.
- 1.3 In New Zealand:
- (a) Staples operates through Staples New Zealand Ltd ("**Staples NZ**") and Teacher Direct Ltd ("**Teacher Direct**"); and
 - (b) Office Depot operates through OfficeMax New Zealand Ltd ("**OfficeMax NZ**"), Croxley Stationery Ltd ("**Croxley**"), and Armidale Industries Limited ("**Armidale**").
- 1.4 The area of overlap between Staples and Office Depot in New Zealand is in the supply of workplace goods and services ("**workplace products**") to businesses, government, healthcare organizations and educational institutions. Essentially, workplace products include all products a workplace requires that can fit in a box and be delivered to a workplace. These products include commercial stationery, technology solutions, office furniture, educational supplies, cafeteria supplies, janitorial, hygiene and medical products, safety products, packaging products and print solutions.
- 1.5 This overlap will not substantially lessen competition in any market in New Zealand given the highly competitive and dynamic nature of the industry, with the Proposed Transaction motivated by Staples' and Office Depot's need to become more efficient and remain relevant in the face of vigorous competition.
- 1.6 The competitive and dynamic nature of the workplace products industry is highlighted by a large and diverse set of competitors in each and every product segment and for all customers, and low barriers to entry and expansion across product segments. The supply of workplace products is, in essence, a resale role. It does not involve investment in manufacturing plants or investment in a distribution network (with access to distribution readily available from third party courier and logistics providers). The significant growth of online commerce, and ready availability of online e-commerce platforms, means that businesses are readily able to expand their product range by listing additional products on their platform. A business with an existing customer relationship can readily "add on" additional products, particularly if existing suppliers fail to meet customers' service or price expectations.
- 1.7 This is demonstrated by:
- (a) The recent, and continuing, expansion of both Staples NZ and OfficeMax NZ from commercial stationery/office products into janitorial, hygiene, medical, packaging and safety products;
 - (b) The rapid growth and nationwide offerings of previously regional competitors, such as New Zealand Office Supplies Ltd ("**NZOS**") ("the fastest growing office products distributor in New Zealand")¹ and Office Products Depot Ltd ("**OPD**");

¹ See New Zealand Office Supplies website, available [here](#).

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- (c) The expansion of companies previously focussed on one segment into the provision of a range of workplace products, for example Corporate Consumables' expansion from computer and business machine consumables (such as ink, cartridges, toners) to now being "the largest kiwi-owned supplier of everything your office needs", Fuji Xerox's expansion from printers/copiers, Paperlinx/Spicer's expansion from paper products, and the range of packaging suppliers that now offer commercial stationery/office products, janitorial, hygiene and medical products and safety products, in addition to their traditional range (for example, E.C. Attwood Ltd ("**Attwoods**"), Snell Packaging & Safety Ltd ("**Snell**"), Primepac Industrial Ltd ("**Primepac**"));
 - (d) The expansion of formerly consumer and small business focused bricks-and-mortar retailers into business-to-business ("**B2B**") targeted workplace products offerings, such as The Warehouse Group/Warehouse Stationery/Noel Leeming's BizRewards offering, the PaperPlus Office offering, and the Whitcoulls Business offering; and
 - (e) The increasing competition from original equipment manufacturers ("**OEMs**") who, due to the utilisation of online channels, their own sales teams and/or Managed Print Services ("**MPS**") relationships, are able to bypass resellers and sell their own products, and related consumables, directly to customers (for example, Ricoh, Konica Minolta, HP, Dell, Toshiba, Lenovo and Acer).
- 1.8 Overseas, this convergence has progressed to the next stage with the emergence of Amazon's B2B e-commerce site, AmazonSupply (now becoming "Amazon for Business"), which targets wholesale and distribution markets across the full spectrum of workplace product categories. AmazonSupply has rapidly become a significant competitor to the Parties in the USA. There are existing competitors that are well positioned to (and the Parties expect may) replicate the AmazonSupply model in New Zealand, including Amazon itself (understood to be eyeing expansion to this part of the world) and The Warehouse Group.
- 1.9 This vigorous competition exists for customers of all sizes and industries – there are no distinct groupings of customers that have "different needs" or fewer competitive options. Rather different customers all sit on a sliding scale of size, requiring different product ranges, pricing structures and service levels that do not necessarily or even regularly correlate with the size of the organisation, but rather reflect internal preferences. This is consistent with the Commission's previous conclusion, in relation to commercial stationery, that there is no "separate market for large purchasers".²
- 1.10 In the face of this vigorous and dynamic competition, the expected \$1 billion of net synergies over the first three years arising from the Proposed Transaction will accelerate Staples' efforts at lowering costs, reinvesting in pricing, improving service and further expansion, enhancing competitive outcomes for the benefit of customers. For these reasons, the Parties are confident that the Proposed Transaction will not substantially lessen competition in any market in New Zealand.

² *Blue Star Group Ltd / General Packaging Ltd* (Decision No M2318, 16 October 1996).

REQUIRED INFORMATION

2. Provide the name of the applicant(s) for clearance, and the name of the individual(s) responsible for the notice. In addition, please include the:

- **Postal address, physical address, telephone number and web address of the applicant(s);**
- **Email address, telephone number and position of the contact person(s); and**
- **Names of any relevant related entities (showing shareholdings).**

2.1 This notice seeking clearance is given by Staples or one of its related companies.

2.2 Contact details for Staples are:

Staples, Inc
500 Staples Drive
Framingham, MA01702, United States
Telephone: +1-508-253-5000
Website: www.staples.com

2.3 The contact person for Staples is:

Troy Swan
Head of Legal & Company Secretary
Staples Australia Pty Limited

[]

2.4 Staples is a supplier of workplace products. Headquartered in Framingham, Massachusetts, Staples has operations throughout North and South America, Europe, China, Australia and New Zealand (see: www.staples.com).

2.5 In New Zealand, Staples carries on business through two wholly-owned subsidiaries:

- (a) Staples NZ is a B2B supplier of workplace products. This company was called Corporate Express New Zealand Ltd until 2012, when the name was changed as a result of Staples' acquisition of Corporate Express Australia Pty Ltd in 2010.³ Staples NZ supplies commercial stationery, cafeteria supplies, janitorial, hygiene and medical products, technology solutions (for example: software, laptops, computers, projectors), office furniture, packaging supplies and print management services to businesses, government, healthcare organizations and educational institutions. Staples NZ makes sales through its sales representatives, mail catalogues, and its online ordering platform, NetXpress.⁴ Staples NZ operates distribution centres in Auckland, Wellington, and Christchurch. It does not own or operate any bricks-and-mortar retail outlets in New Zealand. See: www.staplesnz.co.nz.
- (b) Teacher Direct, an online retailer of educational supplies targeted at educational institutions (primarily schools) and parents. See: www.teacherdirect.co.nz.

³ "Staples to Complete Its Acquisition of Corporate Express Australia" (media release, 11 June 2010), available [here](#).

⁴ See NetXpress website, available [here](#).

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- 2.6 All correspondence and notices for Staples in respect of this application should be directed in the first instance to:

Russell McVeagh
Barristers & Solicitors
PO Box 8
AUCKLAND 1140

Attention: Sarah Keene / Troy Pilkington
Telephone: 09 367 8133 / 09 367 8108
Fax: 09 367 8595 / 09 367 8596
Email: sarah.keene@russellmcveagh.com
troy.pilkington@russellmcveagh.com

- 2.7 A diagram showing the corporate structure of the Staples group as it relates to New Zealand is set out in **Confidential Appendix One**.⁵

⁵ A Glossary of the terms used in this application is set out at **Appendix Seventeen**.

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3. Provide the other merger party's (parties') name(s) and provide the:

- **Postal address, physical address, telephone number and web address of the party;**
- **Email address, telephone number and position of the contact person(s) for that party.**

3.1 The other party is Office Depot. Contact details for Office Depot are:

Office Depot, Inc
6600 North Military Trail
Boca Raton, FL 33496
Telephone: +1-800-463-3768
Website: www.officedepot.com

3.2 The contact person for Office Depot is:

Kevin Obern
Managing Director
OfficeMax New Zealand Limited

[]

3.3 Office Depot is a supplier of workplace products formed by the 2013 merger of Office Depot and OfficeMax Inc.⁶ Office Depot operates in more than 57 countries under brands including Office Depot, OfficeMax, and Grand & Toy (see: www.officedepot.com).

3.4 In New Zealand, Office Depot, through a wholly owned New Zealand subsidiary OfficeMax Holdings Ltd ("OMHL"), owns:

- (a) OfficeMax NZ, a B2B supplier of workplace products. OfficeMax NZ supplies commercial stationery, cafeteria supplies, janitorial, hygiene and medical products, technology solutions, office furniture, educational supplies and packaging supplies to businesses, government, healthcare organizations and educational institutions. OfficeMax NZ achieves its sales via its 16 bricks-and-mortar retail stores, mail catalogue orders, sales representatives and its online ordering website "OrderMax". It operates distribution centres in Auckland and Christchurch (it closed its Wellington distribution centre in 2014). See: www.officemax.co.nz.
- (b) Croxley, a manufacturer/wholesaler of a number of stationery, technology and kitchen appliance products in New Zealand, including under brands such as Warwick, Pilot, Collins and Bostik. In September 2014 Croxley announced that in 2015 it will cease manufacturing stationery products at its Auckland site, and will instead focus on its wholesaling business.⁷ See: www.croxley.co.nz.
- (c) New Zealand Office Products Ltd, a non-trading entity.
- (d) A 65% shareholding in Armidale. Armidale is a long-established specialist engineering and metal fabrication manufacturer. It has a small workshop manufacturing and wholesaling suspension filing systems. Armidale also exports its products to Australia.

⁶ "Office Depot and OfficeMax Complete Merger" (media release, 5 November 2013), available [here](#).

⁷ "Croxley confirms it will cease manufacturing" (media release, 4 September 2014), available [here](#).

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- 3.5 All correspondence and notices for Office Depot in respect of this application should be directed in the first instance to:

Quigg Partners
Barristers & Solicitors
PO Box 3035
Wellington 6140

Attention: John Horner
Telephone: 04 0474 0754 / 021 640 218
Email: johnhorner@quiggpartners.com

- 3.6 A diagram showing the corporate structure of the Office Depot group as it relates to New Zealand is set out in **Confidential Appendix Two**.

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4. Set out the transaction details including, where relevant:

- The type of transaction (such as a merger or joint venture), what is to be acquired and how the transaction is structured (such as whether assets or shares are to be purchased);
- The rationale for the merger;
- How this transaction changes the control of the company, and a diagram(s) of how the structure of ownership and affiliated companies are to change; and
- A description of relevant ancillary agreements associated with the merger, such as long-term supply agreements between the target and the acquirer.

The Proposed Transaction

- 4.1 On 4 February 2015, Staples announced that it had entered into a transaction to acquire all of the outstanding shares of Office Depot.
- 4.2 Pursuant to the terms and conditions of an Agreement and Plan of Merger by and among Office Depot, Staples, and SAMS, dated as of February 4, 2015 (the "**Agreement**"), SAMS, a wholly-owned subsidiary of Staples, will merge with and into Office Depot, with Office Depot surviving as a wholly-owned subsidiary of Staples (previously defined as the "**Proposed Transaction**").
- 4.3 Staples will pay US\$11.00 per Office Depot share (as of the date of the Agreement), comprised of US\$7.25 in cash and 0.2188 Staples shares for each share of Office Depot, for a total consideration of approximately US\$6.3 billion. []
- 4.4 Staples' and Office Depot's press releases announcing the Proposed Transaction are available [here \(Staples\)](#) and [here \(Office Depot\)](#).

Rationale for the Proposed Transaction

- 4.5 The Proposed Transaction will permit the merged entity to better serve the changing needs of customers and compete against a large and diverse set of competitors.
- 4.6 As discussed at paragraphs 8.2 to 8.13, the workplace products industry is a dynamic industry that has undergone substantial change in recent years and is continuing to evolve. The industry is characterised by declining sales of traditional commercial stationery products, increasing expansion by competitors across product categories and increasing competition from a large and diverse set of competitors.
- 4.7 It is expected that the Proposed Transaction will allow Staples to achieve \$1 billion of net synergies by the third full fiscal year post-closing (this target is net of investments in pricing to provide increased value to customers). These synergies will be realised through headcount and general and administrative expense reductions, efficiencies in purchasing, marketing and supply chain, retail store network optimisation, as well as sharing of best practices.
- 4.8 The synergies and cost savings arising from the Proposed Transaction will also significantly accelerate and expand Staples' efforts at cost-cutting, reinvestment in pricing, service improvements and further expansion of product and service offerings into new categories, enabling it to better compete against the many new and existing competitors across all areas of its business.

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Changes to control and structure

- 4.9 A diagram showing the new structure after the Proposed Transaction is at **Appendix Three**.

Ancillary agreements

- 4.10 There are no other relevant ancillary agreements.

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5. Provide copies of the final or most recent versions of any documents bringing about the proposed merger such as the sale and purchase agreement, contracts, or offer documents.
- 5.1 A copy of the Agreement is **enclosed** with this application as **Confidential Appendix Four []**.

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6. If this merger forms part of an international transaction, list the other competition agencies that are being notified and the date on which those agencies were or will be notified.

Other notified regulators

6.1 The list of jurisdictions where the transaction is subject to notification to the respective competition authority is set out below:

Figure 1 - Overseas regulators notified of the Merger

| Country Region | Agency | Date of Filing |
|---------------------------|---------------|-----------------------|
| [] | [] | [] |

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7. If the merger results in horizontal aggregation, outline the overlapping products and/or services and provide the following for each:

- A copy of, or link to, the most recent annual report, audited financial statements and management accounts for the relevant business unit(s);
- Each party's total sales revenues, volumes, and, where relevant, capacity and excess capacity figures;
- The names and contact details for the parties' main competitors, and any trade or industry associations in which one or both of the merging parties participate; and
- For a merger between competing sellers, the names and contact details for each party's key customers, and the revenue earned from each in the last financial year.

The overlaps

7.1 The Parties overlap in the supply to businesses and government/quasi-government organisations of the following workplace products:

- (a) commercial stationery (which, as the Commission has previously considered, includes a range of products used in offices);⁸
- (b) technology solutions (for example: software, laptops, computers, projectors);
- (c) office furniture;
- (d) educational supplies;
- (e) cafeteria supplies;
- (f) janitorial, hygiene and medical products;
- (g) safety products;
- (h) packaging products (which includes tape, cartons, strapping, pallet wrap, automated equipment); and
- (i) print solutions (which includes arranging printing of flyers, pamphlets, posters, branded business materials, etc on behalf of clients. Neither Staples NZ nor OfficeMax NZ perform the printing services themselves, with those services outsourced to third party printers).

7.2 The reasons why these business area overlaps do not give rise to a substantial lessening of competition are set out at paragraphs 8.38 to 8.86.

7.3 In addition, as outlined at paragraph 3.4 above, OMHL also operates an additional business, Croxley, which does not horizontally overlap with any Staples business in New Zealand. The reasons why integration of Croxley with Staples does not give rise to a substantial lessening of competition are set out at paragraphs 8.87 to 8.99.

Financial statements

7.4 For the Staples group:

- (a) A copy of Staples' 2013 Annual Report is available [here](#).

⁸ *Blue Star Group Ltd / General Packaging Ltd* (M2318, 16 October 1996).

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- (b) A copy of the audited financial statements for Staples NZ for the year ended 31 January 2014 is available [here](#). Staples NZ's revenue for the 2014 financial year, as set out in its audited financial statement, was \$84,887,000. Copies of Staples NZ's financial statements for:
- (i) the year ended 31 January 2013 is available [here](#);
 - (ii) the year ended 31 January 2012 is available [here](#);
 - (iii) the year ended 31 January 2011 is available [here](#).
- (c) A copy of the audited financial statements for Teacher Direct for the year ended 1 February 2014 is available [here](#). Teacher Direct's revenue for the 2014 financial year, as set out in its audited financial statement, was \$1,726,090.
- (d) A copy of the audited financial statements for Corporate Express Print Management Ltd for the year ended 31 January 2014 is available [here](#). As reflected in its financial statements, Corporate Express Print Management Ltd is not an active trading company.
- (e) CER New Zealand Ltd is not an active trading company and no audited financial statement is listed with the Companies Office.

7.5 For the Office Depot group:

- (a) A copy of Office Depot's annual report is available [here](#).
- (b) A copy of the audited financial statements for OMHL for the year ended 31 December 2013 is available [here](#). OMHL's revenue for the 2013 financial year was \$343,979,000.
- (c) A copy of the audited financial statements for OfficeMax NZ for the year ended 31 December 2013 is **enclosed** with this application.⁹ OfficeMax NZ's revenue for the 2013 financial year was [].¹⁰
- (d) A copy of the audited financial statements for Croxley for the year ended 31 December 2013 is available **enclosed** with this application.¹¹ Croxley's revenue for the 2013 financial year was [].¹²

Names and contact details of key competitors

7.6 A list of the Parties' main competitors in the product categories discussed in this clearance application is set out in **Appendices Five** and **Six**. Some of the key competitors include:

- (a) Warehouse Stationery Ltd ("**Warehouse Stationery**"). The Commission will be familiar with Warehouse Stationery, a subsidiary of The Warehouse Group Ltd ("**The Warehouse Group**"). Warehouse Stationery has New Zealand's largest network of bricks-and-mortar stationery-focused outlets, with annual revenue of \$243 million.¹³

⁹ As **Confidential Appendix Eighteen**.

¹⁰ The financial statements of OfficeMax NZ's subsidiary, New Zealand Office Products Ltd, have not been provided as that is a non-trading company.

¹¹ As **Confidential Appendix Nineteen**.

¹² The financial statements of Croxley's 65% owned subsidiary, Armidale Ltd, have not been provided as there is no overlap between company and the operations of Staples' subsidiaries in New Zealand.

¹³ Warehouse Group Ltd *Interim Report 2014*, available [here](#).

Warehouse Stationery markets itself as offering "a multi-channel "click, call and come in" offer, where customers can purchase all their office, personal, stationery, technology, art and craft requirements in one location, under one roof or online ... We have grown from 8 stores in 1995 to 55 stores and a fully transactional website in 2012."¹⁴ Warehouse Stationery has continued to grow, it now has 64 stores¹⁵ and offers a full range of other non-stationery workplace products, including cafeteria supplies and janitorial, hygiene and medical products, and "continues to grow in a market where a number of the traditional categories are flat or even in a state of decline."¹⁶

In recent years The Warehouse Group (including Warehouse Stationery) has increased its focus on B2B customers through redevelopment of its online presence and its BizRewards program.¹⁷

In 2010 we launched our improved Business to Business initiative providing business customers with an exclusive rewards programme, free delivery for most online orders over \$40 excl GST and delivery direct to their door.

The Warehouse Group has also expanded the scope of its offering through its acquisition of Noel Leeming, and increased the sophistication of its online/multichannel offering and warehousing and logistics capabilities through its 2013 acquisition of Torpedo7 Ltd.¹⁸

(b) Office Products Depot Ltd, a cooperative network of 37 owner-operated B2B workplace products outlets. OPD markets itself as "your one-stop-shop for stationery, office supplies, office furniture and chairs, packaging, cafeteria, coffee and cleaning supplies."¹⁹ OPD stocks "in excess of 5000 products", including its range of private label "OPD Officeware" products, and sells product through its online offering and its bricks-and-mortar outlets. OPD's annual revenue is reported to be \$85 million (approximately the same as Staples NZ).²⁰ OPD is able to achieve efficiencies in its sourcing of workplace products as it is:

- (i) A member of "BPGI (Business Products Group International), a global purchasing group that sources the ultimate in products, pricing and service from an international perspective."²¹ BPGI is "the World's largest consortium of buying groups consisting solely of independent office products dealers."²²
- (ii) A member of a collective buying group with Australian workplace products suppliers Office Choice Limited and Office Brands Limited.

OPD is also in a strategic alliance with Lyreco, a French headquartered company described as "the European leader in the B to B distribution of office supplies".²³ The alliance between Lyreco and OPD sees OPD appointed as Lyreco's New Zealand sales partner and enables the parties to together

¹⁴ Warehouse Stationery "Our Business", available [here](#).

¹⁵ "Warehouse Stationery opens its 64th store in Auckland CBD" (media release, 5 August 2014), available [here](#).

¹⁶ Warehouse Group Ltd *Interim Report 2014*, available [here](#).

¹⁷ Warehouse Stationery "History", available [here](#).

¹⁸ "The Warehouse Group expands multichannel presence" (NZX, 4 March 2013), available [here](#).

¹⁹ See Office Products Depot website, available [here](#).

²⁰ "NZ dealer group boss resigns" (Stationery News, 18 March 2013), available [here](#).

²¹ Office Products Depot "About us", available [here](#).

²² See Business Products Groups International website, available [here](#).

²³ See Lyreco website, available [here](#).

compete for customers in New Zealand that also request supply in other countries (including Australia given Lyreco's strong presence in Australia).

Over the past four years, under prior CEO Dianne McAteer, OPD has markedly increased its national presence by coordinating stock-management and distribution across the cooperative network and enhancing its sourcing through BPGI, with Ms McAteer stating in 2011:²⁴

While the Office Products Depot group is very proud of its New Zealand ownership structure, it is also very proud to be part of the \$US15 billion dollar buying group, BPGI. It allows local Office Product Depot owners to compete effectively with American owned competitors Office Max and Corporate Express, and to deliver great value to the customers. Membership of BPGI allows us to be both big enough to compete, and local enough to take care of each customer personally, and with members progressively achieving ISO14001 environmental accreditation, the Office Products Depot group will be well placed to sustainably support any New Zealand business.

We have really upgraded our capabilities, and can support large corporate companies.

OPD's customers include [] [].

- (c) New Zealand Office Supplies Ltd markets itself as "the fastest growing office products distributor in New Zealand"²⁵ and "[the] favoured supplier for large corporates and industry groups across the country."²⁶ NZOS "stocks over 15,000 products from general stationery, office consumables, cafeteria products and packaging supplies to business machines, dictation equipment, office furniture and office seating",²⁷ and sells product through its online offering, telephone sales channel and customer account representatives. NZOS offers consolidated invoicing, electronic data interchange ("**EDI**") capabilities, order authorisation log-ins (so purchases can only occur with authorisation from a cost control contact at the customer), and "seamless delivery across multiple centres nationally."²⁸ NZOS also partners with Australian supplier, Complete Office Supplies Pty Ltd ("**COS**"),²⁹ to jointly compete for customers that request supply in Australia and New Zealand.

NZOS has been operating in its current nationwide form since 2011 when the then Auckland-based NZOS amalgamated with Astra Office Products Depot in Wellington and Canterbury Office Supplies in Christchurch. NZOS has distribution centres in Auckland, Wellington and Christchurch, and since its amalgamation has had success in winning "regional and national accounts along with a number of professional associations including: Accountants Australia and New Zealand (New Zealand Institute of Chartered Accountants - NZICA), New Zealand Medical Association, New Zealand Veterinary Association and the Association of Administrative Professionals New Zealand".³⁰

²⁴ "New Year, New Look" (Waikato Business News, January 2011), available [here](#); and see Canterbury Today (June/July 2011), available [here](#).

²⁵ New Zealand Office Supplies "About us", available [here](#).

²⁶ Pharmacy Connect "Case Study - New Zealand Office Supplies", available [here](#).

²⁷ New Zealand Office Supplies "About us", available [here](#).

²⁸ Chartered Accountants Australia New Zealand "New Zealand Office Supplies Member Discount", available [here](#).

²⁹ See Complete Office Supplies website, available [here](#).

³⁰ Sustainable Greenlist Directory "Planet Friendly Stationery and Office Products from New Zealand Office Supplies", available [here](#).

NZOS's customers include Bay Audiology Ltd, YHI (New Zealand) Ltd, Weta Workshop [], J.H. Whittaker & Sons, Ltd (Whittaker's Chocolate), Freight Lines Ltd, TNL Group Ltd, Recall [], Travelex NZ Ltd, Allegion (New Zealand) Ltd [], ISS Facilities Services Ltd, Harcourts Wellington (Team MKH Ltd),³¹ [], []. NZOS has received positive feedback from a number of customers, including the following:³²

I would like to introduce a key supplier of our company who I can honestly say over excels expectations with the service & delivery of our general stationery items. New Zealand Office Supplies has been our general stationery supplier for three years after the change over from our previous supplier (OfficeMax). The service they deliver is unbeatable in comparison and the turn-around of goods is exceptional, their team are only too happy to help with any queries and orders if made in the morning are delivered that afternoon or the next day at the latest and their pricing is very competitive.

NZOS's owner, Michael Manikas, was formerly the Process Improvement and National Purchasing Manager of OfficeMax NZ,³³ and was responsible for managing the national operations, purchasing and procurement teams and is understood to have had a role in the development of OfficeMax NZ's IT/online integration capabilities.³⁴ A number of former Staples NZ and OfficeMax NZ employees are also understood to now hold senior business manager and account manager roles at NZOS. Manikas has stated he is looking to continue the expansion of NZOS:³⁵

[W]e will be looking to take on new business and achieve significant growth so we can tackle bigger players. We will be looking to double in size in the next three to five years and will look at further acquisition opportunities so we can expand the business in other regions of New Zealand.

- (d) Fuji Xerox Office Supplies,³⁶ a division of Fuji Xerox New Zealand Ltd (which has revenue of \$271 million),³⁷ offers a full range of workplace products including commercial stationery, cafeteria supplies, office furniture, technology products, safety products, janitorial, hygiene and medical products, with products offered through its Fuji Xerox Direct online channel and through its sales representatives. Fuji Xerox Office Supplies markets itself to both large and small businesses:³⁸

As one of the world's leading providers of imaging and document solutions, Fuji Xerox recognised that supplies are a critical part of a company's overall business. To meet this need, Fuji Xerox Office Supplies was created as a brand of choice for both Fuji Xerox and third party imaging and document products, offering a vast range of quality products from paper to supplies and consumables for the digital media. Whether you are a large corporate, a production house or a small business, Fuji Xerox Office Supplies can provide you with the products and service you need to help ensure your business runs smoothly...

Fuji Xerox Direct is a business to business electronic procurement system enabling trading partners to transact electronically. Fuji Xerox

³¹ Accountants' Supplies "Clients", available [here](#).
³² Accountants' Supplies "Clients", available [here](#).
³³ Known as Boise Cascade at the time.
³⁴ University of Auckland "New Zealand Business Case Collection: Boise New Zealand", available [here](#).
³⁵ "The right tools for today's tasks" (Canterbury Today Magazine, February/March 2012), available [here](#).
³⁶ Fuji Xerox "Product Range: Office Supplies", available [here](#).
³⁷ Fuji Xerox New Zealand Ltd *Annual Report for the Year Ended 31 March 2014*, available [here](#).
³⁸ See Fuji Xerox direct website, available [here](#).

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Direct gives you centralised control with decentralised access using the Internet. Paperless ordering allows you to communicate directly with Fuji Xerox saving time and money for your organisation.

Fuji Xerox Office Supplies has established itself as an office products competitor by leveraging the relationships it has with businesses as an OEM supplier of photocopier and printer hardware and as a supplier of MPS services. Fuji Xerox Office Supplies initially began by supplying consumables for those hardware products, before expanding into offering a full office products range. The Parties understand Fuji Xerox Office Supplies has a relationship with NZOS to facilitate its offering, []. [], [].

- (e) Corporate Consumables Ltd ("**Corporate Consumables**"),³⁹ is a workplace products business operating from six locations across New Zealand (Auckland, Tauranga, Wellington, Nelson, Christchurch, and Dunedin), estimated to have revenue of \$45 million per year.⁴⁰ Corporate Consumables originally focussed on computer and business machine consumables, however, it has since expanded to offer commercial stationery, cafeteria supplies, office furniture, technology products, safety products, janitorial, hygiene and medical products. Corporate Consumables has had success competing for all sizes of customers from large to small. Corporate Consumables customers include []. The owner of Corporate Consumables, Roger Blaylock, has recently started to further increase his focus in the supply of workplace products. In particular, the Parties understand he has recently acquired Auckland-based NZ Consumables Ltd (now NZ Consumables 2014 Ltd),⁴¹ and established a new company, The Office Supply Company Ltd, for the purpose of rebranding his companies' offerings under "*The Office Supply Cupboard*" brand.⁴²

³⁹ See Corporate Consumables website, available [here](#).

⁴⁰ Ballantyne Taylor "New Face for Office Supplies", available [here](#).

⁴¹ See NZ Consumables website, available [here](#).

⁴² Ballantyne Taylor "New Face for Office Supplies", available [here](#).

Figure 2 - The proposed rebranding of Corporate Consumables as "The Office Supply Cupboard"



Source: <http://ballantynetaylor.co.nz/portfolio/the-office-supply-cupboard-homepage/>

- (f) Paperlinx Ltd (Spicers), has expanded from its focus on the supply of paper products to businesses to now offer a "comprehensive range of packaging consumables, as well as hygiene and safety and office products."⁴³ Paperlinx/Spicers began this expansion in August 2012 when it acquired Canterbury Packaging Ltd ("**CPS**"), which at that time was a distributor of "industrial packaging, consumables, hygiene, safety and hospitality products, primarily in Christchurch".⁴⁴ Paperlinx/Spicers said:

The acquisition represented a small but significant step in the diversified products strategy for the profitable New Zealand business by creating a building block to leverage the existing Spicers footprint and infrastructure nationally. ...

Canterbury Packaging provided us with our first step in our long term strategy of diversification.

In the two years since that acquisition CPS has expanded from its original site in Christchurch to include sites in Auckland, Wellington, and Dunedin, so that it has a national presence, and has leveraged its existing paper and packaging relationships with customers and distribution capabilities to transition CPS from a packaging-only supplier to a supplier of a range of workplace products.⁴⁵ CPS takes orders through its account managers and its online sales channel. Customers of Paperlinx/Spicers' subsidiary CPS include: [].

⁴³ Spicers "Packaging consumables", available [here](#).

⁴⁴ "ASX-listed PaperlinX buys Canterbury Packaging for A\$2M" (Scoop BusinessDesk, 6 August 2012), available [here](#).

⁴⁵ See Spicers/CPS "Office Products", available [here](#).

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Trade or industry associations

- 7.7 The names and contact details of the trade/industry associations that the Parties are members of are set out **Appendix Seven**.

Largest customers and suppliers

- 7.8 Staples NZ's largest customers and suppliers, and the value of sales made to, or purchases made from, each of those entities is listed at **Confidential Appendix Eight**.
- 7.9 OfficeMax NZ's largest customers and suppliers, and the value of sales made to, or purchases made from, each of those entities is listed at **Confidential Appendix Nine**.
- 7.10 A list of Croxley's largest customers, and the value of sales made to each of those customers, is listed at **Confidential Appendix Ten**.
- 7.11 The contact details for these Staples NZ, OfficeMax NZ and Croxley customers are set out in **Confidential Appendices Eleven, Twelve and Thirteen**.

- 8. Describe why you consider the merger is unlikely to result in a substantial lessening of competition in any market having regard to the factors set out in the merger and acquisition guidelines. You should address:**

- **The merging parties' existing competitors, including approximate market shares, and the extent to which they will constrain the merged firm;**
- **The likelihood, extent and timeliness of entry and expansion by potential competitors (including conditions of entry and expansion) and the extent to which such entry or expansion will constrain the merged firm;**
- **The countervailing power of customers and the extent to which that countervailing power will constrain the merged firm; and**
- **Any other relevant factor.**

- 8.1 In this section, the Applicant provides the following information:

- (a) Background on industry dynamics and market trends.
- (b) Approach to market definition.
- (c) The reasons why the transaction will not result in a substantial lessening of competition in any area of business overlap between the Parties.
- (d) The reasons why the transaction will not give rise to any vertical effects.

Industry background – workplace products

- 8.2 The workplace products industry in New Zealand is highly competitive with a number of different businesses competing using different business models, routes to customer and product and category mixes.
- 8.3 Staples NZ, formerly known as Corporate Express (see paragraph 2.5(a) above), entered New Zealand in 1996 through the acquisition of commercial stationery suppliers Park Lane Stationery in Auckland and Geo Berryman in the South Island.⁴⁶
- 8.4 Given its background, Corporate Express had historically focussed on the supply of commercial stationery. However, over time (beginning in the USA) it began to expand

⁴⁶ "Corporate Express Enters New Zealand Market; Announces Ten Acquisitions Worldwide" (media release, 2 April 1996), available [here](#).

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its lines of workplace products, introducing office furniture, cafeteria supplies, safety products, and janitorial, hygiene and medical products.⁴⁷ When Staples acquired Corporate Express it decided to increase even further the focus on expansion into additional segments, and then in 2012 it announced a strategic plan that involved "building on its success in categories like facilities and breakroom supplies, copy and print, and technology products."⁴⁸ As a result, Staples NZ is now active in New Zealand in the supply of commercial stationery, cafeteria supplies, safety products, janitorial, hygiene and medical products, technology solutions (for example: software, laptops, computers, projectors), office furniture, packaging products and print solutions.

- 8.5 The rationale for this expansion was the declining demand for traditional commercial stationery and related workplace products as a result of several trends, most notably the increased digitization of workplaces both internationally and in New Zealand. Businesses today require fewer paper products, pens, envelopes, paperclips, staples, file folders, shredders, calculators and other types of "traditional" commercial stationery products as more information and communication functions are shifted to electronic media. The increasing popularity of email, other electronic forms of communication and digital storage has rendered many of the traditional commercial stationery products sold by office products companies redundant. Businesses are also increasingly focussed on reducing paper/toner usage by actively managing and optimising document output devices (through the use of MPS, double-sided printing and "follow-me" printing technologies, etc). These trends are expected to continue as New Zealand businesses continue to invest in greater digitization and shift towards a "paperless" office. This fact, as well as intense competition from a large and diverse set of competitors for commercial stationery and related products, has seen Staples NZ move from a profit of ~\$1 million in each of the 2009 and 2010 financial years to losses of between \$3.5 million to \$4.9 million for each of the last three financial years.
- 8.6 OfficeMax, including OfficeMax NZ, has similarly been forced to evolve. While OfficeMax NZ (originally called Blue Star Group Ltd ("**Blue Star**")) was historically focussed on stationery products in New Zealand, it has expanded its customer offering over time to include other lines.⁴⁹ OfficeMax's 2011 announcement to investors stated that expansion into additional non-stationery lines would form a key part of its strategy going forward,⁵⁰ and that has continued, with OfficeMax NZ now referring internally to its "new core" of products, which in addition to commercial stationery, office furniture and technology products now also includes cafeteria supplies, janitorial, hygiene and medical products, and safety products.⁵¹
- 8.7 This ease of entry and expansion across product segments arises because once a business already has a customer relationship and access to a distribution network to customers' premises it is relatively easy to "add on" additional products, particularly if existing suppliers fail to meet customers' service or price expectations. This is especially the case with the increasing ease, and lower costs, of offering products through online portals and availability of third party courier networks (whereas in the past, suppliers would have had to print catalogues showing their additional categories and distribute those to target customers). Similarly, on the demand side customers have demonstrated they are willing to expand their categories of purchases with suppliers.
- 8.8 Essentially, workplace products include all products a workplace requires that can fit in a box and be delivered to a workplace. This means the universe of competitors include

⁴⁷ "EB: Jay Mutschler, SVP Staples Advantage" (media release, 9 July 2010), available [here](#).

⁴⁸ "Staples, Inc. Announces Strategic Plan to Accelerate Growth" (media release, 25 September 2012), available [here](#).

⁴⁹ Blue Star was acquired by Boise Cascade in 2000. Boise Cascade later changed its name to OfficeMax, when it was acquired by OfficeMax in 2003.

⁵⁰ "OfficeMax: Road to Success - 2011 Investor Day" (16 November 2011), available [here](#).

⁵¹ [].

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any business that has an online offering of workplace products, existing supply relationships, and access to a distribution network. This dynamic has resulted in a large and diverse range of competitors all competing vigorously for a share of New Zealand businesses' workplace products expenditure.

8.9 The Parties are not only facing competition from other businesses that also historically commenced with a B2B focus on commercial stationery (such as OPD and NZOS: see paragraphs 7.6(b) and 7.6(c)), but also from businesses that have expanded, and continue to expand, from other categories. Examples of this convergence include:

- (a) Corporate Consumables' expansion from computer and business machine consumables to offering a range of workplace products (see paragraph 7.6(e));
- (b) The expansion of formerly consumer and small business focused bricks-and-mortar retailers into B2B targeted workplace products offerings, such as The Warehouse Group/Warehouse Stationery/Noel Leeming's BizRewards offering (see paragraph 7.6(a)), PaperPlus Office's offering, and Whitcoulls Business's offering;
- (c) Paperlinx/Spicer's expansion from paper products to offering a range of workplace products (see paragraph 7.6(f));
- (d) The increasing competition from OEMs who, due to the utilisation of online channels, their own sales teams and/or MPS relationships, are able to bypass resellers and sell their products, and ancillary consumables, directly to business customers. Fuji Xerox has invested in the platform to do this most effectively in New Zealand (see paragraph 7.6(d)), as well as other OEM suppliers that deal directly with customers, such as Ricoh, Konica Minolta, HP (who are all increasingly establishing MPS relationships with business that enable them to also supply businesses with their paper/toner requirements),⁵² Dell, Toshiba, Lenovo and Acer;
- (e) The vigorous competition from the supermarket chains and food service providers in the B2B supply of cafeteria supplies, and janitorial, hygiene and medical products to businesses (see paragraph 8.52 below);
- (f) The vigorous competition from business that were historically industrial-focused B2B suppliers that are also expanding across categories, such as:
 - (i) Wesfarmers Industrial & Safety NZ Limited ("**WISNZ**") (New Zealand's "largest and leading industrial distribution company"),⁵³ with WISNZ's business unit Packaging House ranging commercial stationery as part of its offer, including more recently by partnering with NZOS to offer a combined janitorial/hygiene/medical and commercial stationery products offering (see paragraph 8.55(d)); and
 - (ii) Attwoods and Snell,⁵⁴ who have both expanded from supplying packaging to offering a range of workplace products, including cafeteria supplies, janitorial, hygiene and medical products, and commercial stationery (see paragraphs 8.55(k) and 8.55(h)); and
 - (iii) Bunzl plc, the FTSE100 listed distribution and outsourcing group, which has expanded in New Zealand into offering a range of commercial stationery, cafeteria supplies, janitorial, hygiene and

⁵² See fn 103 below in relation to MPS.

⁵³ See Wesfarmers Industrial and Safety NZ Ltd website, available [here](#).

⁵⁴ Snell Packaging and Safety "Stationery", available [here](#).

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medical products, and packaging products through its April 2014 acquisition of Nelson Packaging Supplies Ltd, an acquisition described as "provid[ing] additional scale to our business in New Zealand".⁵⁵

- 8.10 Overseas, this convergence opportunity, due to the lowering of barriers to expansion by customers' preferences to transact through online platforms, has progressed to the next stage with the emergence of Amazon's B2B e-commerce site, AmazonSupply (now becoming "Amazon for Business"), which targets wholesale and distribution markets across the full spectrum of workplace product categories.
- 8.11 AmazonSupply grew out of an online store, SmallParts.com, that Amazon acquired in 2005, and that originally offered supplies for science laboratories. In 2012, Amazon changed the name of SmallParts.com to AmazonSupply, reflecting its renewed focus and broadened selection of products available through the website. At that time, 500,000 items were offered for sale through AmazonSupply. By 2014, AmazonSupply offered more than 2.2 million items, covering 17 product categories ranging across all the workplace products categories. More information regarding Amazon Supply is available at: www.amazonsupply.com.
- 8.12 Under the "office supplies" category alone, AmazonSupply offers more than 220,000 separate products, an amount that greatly exceeds the number of items offered by most online workplace product suppliers. Although AmazonSupply is technically currently available to New Zealand customers, it has not yet gained traction here due to the delivery times from Amazon's distribution centres in the USA. However, it appears that Amazon may already have efforts underway to expand to this part of the world, as it was reported in November 2014 that Amazon is looking to build a fulfilment centre in Australia.⁵⁶
- 8.13 In any event, there are existing competitors that are well positioned and that the Parties expect may replicate the AmazonSupply model in New Zealand. One obvious example is The Warehouse Group given its strong warehousing and logistics capability and its developing online offering. The Warehouse Group has multiple distribution centres nationwide,⁵⁷ and in recent years has expanded across product categories (with its acquisition of Noel Leeming) and invested in market-leading online businesses with strong order fulfilment capability, such as Torpedo7 Ltd. These activities are further to The Warehouse Group's stated "continued focus on the expansion of our multichannel business"⁵⁸ and aim of "becoming New Zealand's leading multichannel and digital retailer".⁵⁹ The Warehouse Group's most recent presentation to investors reiterated that its strategic priority to grow its "non-Red Shed" business to be as large as the Red Shed business by leveraging existing internal capabilities.⁶⁰ The Warehouse Group's CEO has stated:⁶¹

The [Warehouse's] core competencies are sourcing, supply chain and logistics, running retail stores, and our cultural way of working. It's a people intensive way of business. You put that together and The Warehouse Group is interested in anywhere vertical where we can leverage those competencies and be number one or two in that sector.

⁵⁵ See Nelson Packaging website, available [here](#).

⁵⁶ "Amazon tipped to open Aussie warehouse" (Stuff.co.nz, 25 November 2014), available [here](#).

⁵⁷ The Warehouse "Distribution Centres", available [here](#).

⁵⁸ "Warehouse pays \$33m for stake in Torpedo7" (New Zealand Herald, 4 March 2013), available [here](#).

⁵⁹ The Warehouse Group Ltd *Annual Report 2014* at 6, available [here](#).

⁶⁰ The Warehouse Group *2015 Interim Result* (6 March 2015), available [here](#).

⁶¹ "Red shed's push into online" (Stuff Unlimited, 10 December 2013), available [here](#).

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Market definition - workplace products

Product dimension

8.14 The last time the Commission considered office products was in 1996, in *Blue Star Group Ltd / General Packaging Ltd* (16 October 1996), where the Commission defined a market for "commercial stationery" and stated that:

"the boundaries to the range of products which may be included... cannot be defined with precision. They include:

- paper based items, such as writing and photocopying paper, envelopes, and docket books containing various forms such as receipt blanks;
- miscellaneous manufactured items such as pins, clips, staples, correcting fluid, string, rubber bands, glue and desk top accessories;
- computer consumables including paper, computer labels, floppy disks, toner, computer ribbons and printer cassettes;
- mechanical items such as hole punches, staplers, pencil sharpeners and guillotines;
- writing instruments including ball point pens, pencils, marker pens and highlighters; and
- files and filing products, including lever arch files, ring binders, box files and file suspension systems.

8.15 Accordingly, the Commission defined separate markets for:

- (a) The national retail supply of commercial stationery;
- (b) The national retail supply of packaging materials; and
- (c) The national retail supply of cafeteria supplies.

8.16 In *Howard Smith Ltd / OPSM Protector Ltd* (28 June 2001), the Commission also defined separate markets for:⁶²

- (a) The national retail supply of janitorial, hygiene and medical products; and
- (b) The national retail supply of safety products.

8.17 Given the significant developments in convergence of online ordering, the growth in online B2B retailing, the changed business models of firms operating in the industry, and the digitisation of workplaces more generally since 1996 and 2001, the Commission may take a broader view of market definition. For example, the US Federal Trade Commission ("**FTC**") cited the "explosive growth of online commerce" in considering the 2013 Office Depot and OfficeMax, Inc. merger.⁶³ While the US approach to market definition may focus largely on demand considerations and less on supply side substitutability than New Zealand,⁶⁴ the FTC also noted that competitors in adjacent product categories, such as janitorial and industrial products, have existing contractual relationships and could readily leverage those relationships to supply other categories,

⁶² *Howard Smith Ltd / OPSM Protector Ltd* (Decision No 433, 28 June 2001).

⁶³ Federal Trade Commission "Statement of the Federal Trade Commission Concerning the Proposed Merger of Office Depot, Inc. and OfficeMax, Inc." (1 November 2013), available [here](#).

⁶⁴ *Commerce Commission v Air New Zealand Limited* HC Auckland CIV-2008-404-8352, 24 August 2011.

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such as commercial stationery. More generally, the US Department of Justice and FTC *Horizontal Merger Guidelines* acknowledge that "[f]irms that are not current producers in a relevant market, but that would very likely provide rapid supply responses with direct competitive impact in the event of a SSNIP, without incurring significant sunk costs, are also considered market participants".⁶⁵ This is consistent with the approach set out in the Commission's *Mergers and Acquisitions Guidelines* (at paragraph 3.16).

Geographic dimension

- 8.18 The majority of the competitors referred to in this application compete on a nationwide basis. Indeed, the Ministry of Business Innovation and Employment ("**MBIE**") has observed "most suppliers have the logistic and technology capability to supply participating agencies on a nationwide basis" (see paragraph 8.69 below). Accordingly, consistent with the Commission's previous reviews on the workplace products industries, the Parties consider the geographic markets to be national in scope.⁶⁶

Route to market

- 8.19 The majority of competitors also compete using both bricks-and-mortar and online/direct offerings and so, similar to the Commission's previous approach in respect of safety products, there are no grounds to define the market on that basis.⁶⁷

Customer dimension

- 8.20 Workplace products customers are small and large businesses, government or quasi-government entities, including educational institutions.
- 8.21 There is no clear delineation between different sizes of customers, and no distinct groupings of customers that have "different needs".⁶⁸ Instead, different customers all sit on a sliding scale of size, requiring different product ranges, pricing structures and service levels that do not necessarily or even regularly correlate with the size of the organisation. Different competitors compete for customers along that scale in a fluid manner.
- 8.22 The blurred nature of the lines between customer segments is evidenced by there being no set industry classification of different classes of customers, nor any distinctions drawn by product/service requirements. Rather, suppliers have adopted their own internal classifications of their customers, with the lines drawn for businesses being arbitrary sales amounts, or employee numbers, which mean that customers with almost identical service or product needs could fall into different classifications internally (for example, by being \$1 or one employee above or below the line drawn). For example:

- (a) For internal purposes, Staples NZ classifies its customers as [];
- (b) OfficeMax NZ classifies its customers []:
 - (i) [];
 - (ii) [];

⁶⁵ US Department of Justice and Federal Trade Commission *2010 Horizontal Merger Guidelines* at §5.1, available [here](#).

⁶⁶ *Blue Star Group Ltd / General Packaging Ltd* (16 October 1996) and *Howard Smith Ltd / OPSM Protector Ltd* (Decision No 433, 28 June 2001).

⁶⁷ *Howard Smith Ltd / OPSM Protector Ltd* (Decision No 433, 28 June 2001) at [31], available [here](#).

⁶⁸ See Commerce Commission *Mergers and Acquisitions Guidelines* (July 2013) at fn 76, available [here](#); and *Tegel Foods Limited and Brinks Group of Companies* (Decision No. 658, 22 October 2008), available [here](#).

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(iii) [];

(iv) [].^{69 70}

8.23 The government sector is the simplest to separately identify, due to the scope of the All of Government ("**AOG**") tender. At present OfficeMax NZ and Staples NZ are the two suppliers on the AOG panel, however, that is currently being re-tendered (see paragraph 8.68). Entities eligible to benefit from AOG pricing are characterised as 'government'. However, not all eligible entities do in fact use the AOG pricing, and the entities themselves vary considerably in terms of their size, range, requirements, and service level requirements.

8.24 Many government agencies, while eligible to purchase pursuant to MBIE's AOG contracting arrangements, choose to purchase from non-AOG panellists given a preference to contract with locally-owned suppliers or otherwise to purchase through their own arrangements. Such government agencies frequently include State Owned Enterprises ("**SOEs**"), regional and local councils, and school trust boards. Many of these government agencies purchase quantities, and have service requirements, similar to small to medium enterprise businesses.

8.25 Larger businesses or government customers often desire a supplier with the following capabilities:

- (a) Ability to deliver consistent product range and quality to multiple premises nationally, and meet delivery expectations (often next day);
- (b) Online ordering functionality, and some more sophisticated businesses require web-based EDI systems, also called electronic procurement tools, which involve linking computer systems for the purposes of placing orders and handling billing and account management information. These systems enable customers to electronically place orders through their internal systems (eg intranet or enterprise software) to their workplace products supplier; and
- (c) Consolidated invoicing and reporting on an entity's spend/usage with the supplier.

8.26 Nevertheless, each of these criteria is not unique only to larger business or government customers and, in any event, are capabilities that competitors that focus on smaller customers already possess or could readily replicate.

- (a) In relation to delivery to multiple premises and next day delivery, almost all of the competitors referred to above can deliver product to any location nationwide, either on their own or by using third-party couriers, so it does not make any difference from the suppliers' perspective whether a customer operates from multiple locations or from a single location. The competitors referred to above, and the Parties, all have access to, and typically rely upon, third party logistics and courier companies. Next day delivery to any location in New Zealand is achievable for any competitor due to networks of third party courier and transport companies. "National reach" is not considered a limiting factor for any competitor and in any event, it is easy to replicate internally or with third-party support.
- (b) In relation to EDI capability specifically, in the past, investing in EDI systems to enable integration with a customer's internal systems, and consolidated invoicing, required investment in developing bespoke software systems. Now

⁶⁹ SOHO is an acronym for "Small Office / Home Office".
⁷⁰ []

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those systems are available on a "turn key" basis from a number of software providers, with the costs of those systems falling dramatically in the last few years. For example:

- (i) Staples NZ's EDI system was developed by Business-to-Business e-Solutions ("**B2BE**"), a third party provider of EDI systems.⁷¹ B2BE has similarly built EDI interfaces for a range of other retailers in New Zealand, both large and small, including:
 - (aa) customer EDI interfaces for stationery and safety product supplier 3M,⁷² technology supplier Epson,⁷³ and
 - (bb) procurement interfaces for retailers such as The Warehouse Group,⁷⁴ Christchurch department store Ballantynes,⁷⁵ national book and stationery retailer Whitcoulls.⁷⁶
- (ii) Accounting software provider Xero has developed "turn key" EDI integration supplier-customer capabilities for a number of businesses, including Warehouse Stationery (see paragraph 8.30(b) below).
- (iii) Flow Software Ltd "offers a new approach to data integration and EDI that reduces the time, cost and risk of traditional bespoke integration. Flow delivers a solution that can be configured to perfectly fit your business, providing immediate return on investment".⁷⁷ Flow Software's customers include Warehouse Stationery (for its shipment processes, among many others).

8.27 There is a range of other workplace products competitors that offer EDI systems for integration with customers, including NZOS, Fuji Xerox, Corporate Consumables, Warehouse Stationery, Bunzl,⁷⁸ and WISNZ. For example:

- (a) WISNZ markets itself with a specific emphasis on its EDI solutions, noting that it offers "a range of tailored E-Business solutions that can improve your business performance, streamline your procurement processes and deliver savings to your bottom line... Our integrated Solutions offer a complete end to end integration including Purchase Orders, Invoices, Shipping Documents and many more."⁷⁹
- (b) NZOS's website refers to a client testimonial in which NZOS "developed software especially to cater for our needs whereby being a company which not only has 13 branches but six legal company identities they were able to build a system which allows each individual branch to order/be responsible for their own office needs by ordering goods online."⁸⁰

8.28 Staples NZ has advised that, [].

⁷¹ See B2BE "Case Study: Corporate Express", available [here](#).

⁷² See B2BE "Case Study: 3M", available [here](#).

⁷³ See B2BE "Case Study: Epson", available [here](#).

⁷⁴ See B2BE "Case Study: The Warehouse", available [here](#).

⁷⁵ See B2BE "Case Study: Ballantynes", available [here](#).

⁷⁶ See B2BE "Case Study: Whitcoulls", available [here](#).

⁷⁷ See iStart "Flow Software", available [here](#).

⁷⁸ Bunzl Plc *Annual and Transition Report for the period ending 12/31/05* at 14 and 17, available [here](#).

⁷⁹ Wesfarmers Industrial and Safety NZ "eBusiness", available [here](#).

⁸⁰ Accountants' Supplies "Clients", available [here](#).

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8.29 Accordingly, it requires minimal investment to develop an EDI system for businesses such as Paper Plus Office or Whitcoulls Business, to the extent those businesses do not already have that capability.

8.30 More significantly, however, is that it is not the case that large customers always require these services, and smaller customers do not. The requirements of customers do not depend on the size of the customer, but rather their internal IT systems, and procurements practices. For example:

(a) There are many larger/government customers that do not use EDI order integration systems such as [] []. There are also examples of larger customers that have had EDI integration that have switched back to non-integrated ordering, for example [].

(b) OfficeMax also has many smaller business and education customers that do use EDI order integration systems, such as []. With advances in technology, it is increasingly cost-effective to offer EDI integration to smaller customers. For example, Xero has developed integration functionality for small business customers to integrate with large providers, including by partnering with Warehouse Stationery to offer an EDI-integrated B2B workplace products offering.⁸¹

Xero's vision to connect small business to big business is now a reality with Warehouse Stationery today announced as the next major New Zealand corporate to integrate with Xero.

The integration will go live in mid August, allowing Xero customers to have the ability to receive invoices from Warehouse Stationery directly into the Xero platform.

Xero New Zealand Managing Director Victoria Crone said around a quarter of New Zealand small businesses are using Xero and there is great potential for large companies to interact with our more than 100,000 customers.

"Effectively we're becoming an Electronic Data Interchange (EDI) platform for New Zealand," she said.

8.31 As evidenced by the above, The Warehouse Group in particular has taken significant steps in recent years to improve the attractiveness of its offering to business customers. In addition to its EDI-integration capabilities, its "BizRewards" scheme offers businesses the opportunity to purchase from The Warehouse, Warehouse Stationery and Noel Leeming via one account, and receive one consolidated invoice, and discounts off the combined purchasing.

8.32 Ultimately, the service level requirements of customers depend less on their size (by sales value or pure headcount) and more on individual preferences that may be influenced by:

- (a) The nature of the business (is it an office, school or manufacturing site?);
- (b) The range of products they require (are they weighted to health and hygiene, or to cafeteria, or to stationery?);
- (c) The location of the business (single location, multiple sites, regional headquarters?); and
- (d) The sophistication of its procurement practices and IT tools.

⁸¹ "Xero and Warehouse Stationery join forces" (media release, 23 July 2014), available [here](#).

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8.33 By contrast, the pricing structures for different customers tend not to be complex, nor do they vary across customer size or industry. Volume rebates, regardless of category, or size of business, is the normal practice of the Parties and their competitors.

8.34 []:

(a) []

(b) [].⁸²

8.35 These factors demonstrate that all customers fall within a single, differentiated market. This is consistent with the Commission's previous findings in respect of the supply of commercial stationery to businesses:⁸³

Large purchasers continue to have the option of buying their stationery requirements from other suppliers without the inclusion of additional services. On the basis of the information now available, we are of the view that there should not be a separate market for large purchasers, and propose to consider them as a segment of the commercial stationery market.

8.36 This also reflects the approach of the Commission in other industries of not defining a separate customer market for larger customers, despite some larger customers receiving extra services, because:⁸⁴

the extra services provided to large customers are unlikely to be sufficient on their own to prevent any customer switching in the event of a SSNIP.

8.37 In any event, irrespective of the approach the Commission adopts to market definition, there will not be a substantial lessening of competition in any market for a number of reasons, most notably:

(a) the merged entity will face significant competition in each and every product segment and for each and every customer;

(b) there are low barriers to entry and expansion in this industry; and

(c) customers have significant countervailing power.

Significant competition in every product segment

8.38 There is significant competition in each and every product segment. A list of competitors is set out at **Appendix Four**, and estimated segment shares at **Confidential Appendix Fifteen**.

8.39 The following section summarises the key competitive dynamics, and competitors, in each product segment.

Commercial stationery / "core" office products

8.40 The commercial stationery segment involves the supply of writing instruments; paper (printing, specialty, recycled, photographic); exercise books; diaries; notebooks; account books; labels and envelopes; inkjet cartridges; toner/laser cartridges; blank CDs/DVDs; filing products; presentation products; adhesives; staplers/punches; and desk accessories.

⁸² [].

⁸³ *Blue Star Group Ltd / General Packaging Ltd* (Decision No M2318, 16 October 1996).

⁸⁴ *ISS Holdings NZ Limited / Chubb New Zealand Limited* (Decision No 660, 6 November 2008), available [here](#).

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- 8.41 Since the Commission last looked at the commercial stationery product segment in 1996, the distinction between this product segment and the cafeteria supplies and janitorial, hygiene and medical products segments has become substantially more blurred as suppliers of commercial stationery have increasingly expanded their offering to include other "core" office supply requirements (such as canteen/cafeteria, cleaning, first aid and technology product supplies), and competitors of these other products have increasingly expanded into offering commercial stationery. For this reason, the key competitors identified in this segment all also offer a broader range of core "office products" that encompasses products beyond commercial stationery, and there is competition from competitors historically focussed on other segments.
- 8.42 The key competitors in this product segment include Warehouse Stationery, OPD, NZOS, Fuji Xerox, and Corporate Consumables, described at paragraph 7.6 above.
- 8.43 In addition to the competitors identified at paragraph 7.6 above, there are a number of other competitors in this product segment, including:
- (a) Paper Plus Office,⁸⁵ a relatively new entrant into the B2B space, Paper Plus Office was launched in 2012 by Paper Plus NZ Ltd, the nationwide cooperative book and stationery retailer.⁸⁶ Paper Plus Office is targeted at business customers and spans a range of office products, including commercial stationery, technology products, office furniture, cafeteria supplies, and janitorial supplies. Paper Plus Office has a "fully integrated online offer" and Paper Plus NZ Ltd's most recent Annual Report refers to Paper Plus Office as being in its nascent stages and encourages cooperative "members to approach local businesses and secure their office supplies contracts. This initiative has only been embraced by a few and the opportunity remains for everyone to significantly increase sales by targeting this."⁸⁷ To encourage uptake with business customers, Paper Plus Office offers a "My Big Deal for Business" loyalty program.⁸⁸
 - (b) Whitcoulls Business,⁸⁹ is Whitcoulls Ltd's B2B stationery offering: "Whitcoulls Business brings you a complete and cost effective business stationery supply solution. Backed by one of New Zealand's biggest brands we will tailor a package that works for you. We work with customers from small business through to large organisations across a range of sectors including corporate, education and Government." Whitcoulls Business offers dedicated account managers to customers, as well receiving orders through its online portal, and offers tiered volume discounts that increase as a customer's spend increases.⁹⁰
 - (c) A number of smaller dedicated B2B office product suppliers that offer products across the range, such as New Vision Office Products Ltd,⁹¹ Office Products Online (supplier to AON New Zealand),⁹² Stationery Online (Sprint Office Products Ltd),⁹³ Stationery World Direct (S4U Ltd),⁹⁴ Online Stationery Supplies (Craigs Design & Print Ltd),⁹⁵ Office 360 Ltd,⁹⁶ Stationery City,⁹⁷

⁸⁵ PaperPlus "Office Supplies", available [here](#).

⁸⁶ PaperPlus Goup "Our brands", available [here](#).

⁸⁷ PaperPlus Group 2013 Annual Report, available [here](#).

⁸⁸ PaperPlus "My Big Deal", available [here](#).

⁸⁹ Whitcoulls "Whitcoulls Business", available [here](#).

⁹⁰ Whitcoulls *Business Account Application*, available [here](#).

⁹¹ See New Vision Office Products website, available [here](#).

⁹² See Office Products Online website, available [here](#).

⁹³ See Stationery Online website, available [here](#).

⁹⁴ See Stationery World Direct website, available [here](#).

⁹⁵ See Online Stationery Supplies website, available [here](#).

⁹⁶ See Office360 website, available [here](#).

⁹⁷ See Stationery City website, available [here](#).

LookAt Ltd (a B2B online specialist marketed as "New Zealand's cheapest store for stationery, ink, toners and much, much more"), Office Centre,⁹⁸ and many others,⁹⁹

- (d) Competitors that offer a full range of office products, but target their offering at particular customer segments, such as Office Plan Ltd (trading as Eeny Meeny) and Educational Essentials Ltd, which both offer commercial stationery, office furniture and cafeteria suppliers targeted at schools and early education centres;
- (e) Competitors that have expanded into office products to leverage relationships with customers in other segments, such as Paperlinx/Spicers/CPS, Snell, Attwoods, Bunzl (through Nelson Packaging Supplies);
- (f) Competitors that look to win a portion of a customer's spend by focusing on supply of certain higher margin consumables, for example ink cartridge and printer toner focused suppliers. There are a number of suppliers that vigorously compete for, and win, customers' expenditure in these products, such as OEMs including HP,¹⁰⁰ and specialist ink toner suppliers such as Easy Ink Printer Cartridges Ltd ("**Easy Ink**"),¹⁰¹ Toner Direct,¹⁰² Toner Express. Printer and copier OEMs, such as HP, Fuji Xerox, Konica Minolta and Ricoh are also increasingly establishing MPS relationships with businesses, which they are leveraging to also supply paper, ink and toner to those businesses.¹⁰³ The ability of these parties to bypass retailers and supply directly to customers is an increasing trend worldwide, including in New Zealand.¹⁰⁴

As office stationery suppliers are entering into Managed Print Services (MPS), third party vendors are providing a broader range of products (all OEMs) at economic prices to provide competitive solutions for their target customers.

E-commerce is also opening new avenues for third party vendors as they can reach out to more audience through multi brand e-retailing portals.

Technology solutions

- 8.44 The technology solutions segment involves the supply of business machines; cameras and accessories; computers and accessories; memory and data storage; mobile technology; networking; and advice on tailoring technology solutions to businesses. MPS is also offered not only by OEMs and commercial stationery providers, but also by technology solutions providers that offer hardware and software products to optimise printer fleets to minimise usage of paper, ink, and toner consumables.

⁹⁸ See Office Centre website, available [here](#).

⁹⁹ See LookAt website, available [here](#).

¹⁰⁰ HP "HP Original Printing Supplies", available [here](#).

¹⁰¹ See Easyink website, available [here](#).

¹⁰² See Toner Direct website, available [here](#).

¹⁰³ MPS is a bundled set of services to meet businesses' in-house printing requirements. The range of services typically includes the selection and acquisition of printing equipment, the servicing/maintenance of that equipment, automatic replenishment of toner, paper and other consumables, technical advice and analysis software. A key feature of MPS is that customers are charged at an agreed price per page, rather than for each good and service involved. MPS provides greater control over consumption and costs and allows businesses to effectively outsource their printing services. MPS initially emerged approximately five years ago and has grown strongly. Leading MPS suppliers include OEMs such as Fuji Xerox, Canon, Konica Minolta and Ricoh, and technology solutions providers such as Datacom (see paragraph 8.45(a)(i) below). While both Staples NZ and OfficeMax NZ supply MPS, they are small by industry standards in that space.

¹⁰⁴ "Digitisation emerges despite printer consumable market holding firm (New Zealand Reseller News, 11 December 2014), available [here](#).

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8.45 []. Staples NZ experiences vigorous competition from a number of competitors in this segment including:

- (a) Competitors focused on IT procurement for businesses, such as:
 - (i) Datacom, which offers a hardware/IT procurement service for businesses, including specialist IT procurement consultants, an online e-commerce portal to enable customers to obtain pricing from a range of vendors,¹⁰⁵ and MPS.¹⁰⁶ Datacom's MPS offering is described as follows:¹⁰⁷

Our MPS team assesses how your current print setup affects your business, including testing how each device prints, how much you spend on consumables such as toner and ink and the printer-to-user ratio. From there, the MPS team develops a proposed future state for your print fleet that includes cost savings for hardware, improved workflows, consumables, power consumption, environmental benefits and maintenance – savings that go directly back into your business in the form of cost savings and business improvements.

Datacom's MPS support a range of print hardware and doc management software solutions from the leading providers without locking you into using one brand. And even if you use a range of different providers for your print hardware, all your infrastructure and maintenance costs are issued in one monthly bill in your MPS agreement.

Datacom is increasingly leveraging its MPS relationships with customers to win toner business from commercial stationery suppliers.

- (ii) Lexel Systems Ltd,¹⁰⁸ marketed as "leaders in IT procurement", Lexel's customers include Hallenstein Glassons, Vector, Turners and Growers.¹⁰⁹
- (iii) Softsource,¹¹⁰ marketed as "a single resource for [businesses'] hardware and software procurement", including outsourced IT management.¹¹¹
- (iv) Real IT Ltd,¹¹² marketed as offering its services "from small businesses right through to large corporate organisations..."¹¹³ by asking us to source your computer hardware and software, you eliminate the risk and confusion that often comes with IT procurement."¹¹⁴
- (v) Spark Digital's IT Customer Sourcing Services, which offers an "easy-to-use online tool and the dedicated support of your Spark Digital Account Manager to manage the sourcing of all your IT equipment".¹¹⁵

¹⁰⁵ Datacom "Hardware procurement", available [here](#).
¹⁰⁶ Datacom "Managed print services", available [here](#).
¹⁰⁷ Ibid.
¹⁰⁸ Lexel "Procurement services", available [here](#).
¹⁰⁹ Lexel "Lexel Clients", available [here](#).
¹¹⁰ Softsource "IT procurement", available [here](#).
¹¹¹ Softsource "IT management", available [here](#).
¹¹² RealIT "IT Procurement", available [here](#).
¹¹³ RealIT "About Us", available [here](#).
¹¹⁴ RealIT "Procurement", available [here](#).
¹¹⁵ Spark Digital "Customer Sourcing Services", available [here](#).

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- (vi) Just Laptops,¹¹⁶ which markets itself as New Zealand's "leading supply & service specialist. We help many small businesses, schools and other organisations source their computer hardware, software and technology products as direct dealership".
- (vii) And many others including, SAS IT,¹¹⁷ Advanced Computers Ltd.¹¹⁸
- (b) OEM suppliers of technology products that provide computing, printer and imaging products, software, solutions and services (including MPS) directly to business customers. These competitors include HP, Fuji Xerox, Konica Minolta, Ricoh, Dell Direct,¹¹⁹ Lenovo, HP ([]),¹²⁰ Fuji Xerox,¹²¹ Lexmark,¹²² Fujitsu New Zealand,¹²³ Sharp,¹²⁴ Panasonic,¹²⁵ and Toshiba,¹²⁶ amongst many others.
- (c) The office products competitors outlined above, in particular NZOS, Warehouse Stationery/The Warehouse Group/Noel Leeming, OPD, and Corporate Consumables.
- (d) Technology products retailers such Harvey Norman, Smith's City, JB Hi-Fi, Dick Smith, all of which have online ordering platforms and B2B targeted offerings.¹²⁷

Office furniture

8.46 The office furniture segment includes the supply of chairs, seating, desks, workstations, bookcases, storage furniture, reception furniture, boardroom furniture, and educational furniture to businesses.

8.47 There are numerous vigorous competitors in this segment including:

- (a) The office products competitors outlined above, in particular NZOS, Warehouse Stationery/The Warehouse Group/Noel Leeming, OPD, Corporate Consumables, Fuji Xerox, etc.
- (b) Businesses specifically focused on the supply of office furniture, such as:
- (i) Furnware Ltd, New Zealand's leading supplier of furniture to education facilities such schools, universities etc.¹²⁸ Furnware, based in Hastings, has been in business for over 75 years and designs and manufactures much of its product. According to MBIE¹²⁹ "Furnware is a world leader in the design and manufacture of furniture for the education sector."¹³⁰

¹¹⁶ Just Laptops "IT supply and service", available [here](#).

¹¹⁷ SAS IT "Systems design and procurement", available [here](#).

¹¹⁸ Advanced Computers "IT Procurement", available [here](#).

¹¹⁹ See Dell NZ website, available [here](#).

¹²⁰ See HP's description of its MPS business available [here](#).

¹²¹ Fuji Xerox "Managed Print Services", available [here](#).

¹²² Lexmark "About", available [here](#).

¹²³ See Fujitsu NZ website, available [here](#).

¹²⁴ See Sharp NZ website, available [here](#).

¹²⁵ See Panasonic NZ website, available [here](#).

¹²⁶ See Toshiba "Managed Services Program", available [here](#).

¹²⁷ See: Harvey Norman Commercial Division website, available [here](#); Smiths City Group website, available [here](#); JB Hi-Fi, "Contact Us: Commercial Procurement", available [here](#); and Dick Smith "Commerical", available [here](#).

¹²⁸ Furnware "Overview", available [here](#).

¹²⁹ At the time: Department of Labour.

¹³⁰ Department of Labour. Innovation through Collaboration and Research. Available [here](#)

- (ii) Aspect Furniture Systems Ltd, a Timaru based company with offices in Auckland, Wellington, Melbourne, Canberra, and Sydney. Aspect Furniture has supplied office furniture to a range of customers across New Zealand and Australia, including Rabobank, Maddocks Lawyers, Xero, Christchurch City Council, IRD (Featherson St),¹³¹ and [].
- (iii) Bourneville Furniture Group, a privately owned New Zealand manufacturer and supplier of commercial furniture.¹³² Bourneville has been awarded numerous contracts to supply large business and government customers in New Zealand including Middlemore Hospital, Goodman Fielder, Massey University Library, L'Oreal, Wintec, ABB, AA Insurance, IRD (Cashel St), Department of Corrections, and The Co-operative Bank.¹³³
- (iv) Vidak Ltd, marketed as "New Zealand's leading developer and supplier of innovative office furniture. For over 26 years Vidak has created inspirational workplaces for New Zealand's top tier corporations and government departments."¹³⁴ Vidak has been awarded numerous contracts to supply large business and government customers in New Zealand including ASB's offices at North Wharf, MBIE's Stout Street Relocation, Manukau Institute of Technology, Z Energy, Staples Rodway (Wellington), ANZ's Wellington call centre, Paymark, Lion's offices in Auckland, IAG nationwide, Air New Zealand (Auckland and Christchurch), University of Otago, Massey University, Mercury Energy, Sovereign Life Insurance, WelTec, Hesketh Henry, Roche, Spark, Deloitte, Civil Aviation Authority, New Zealand Police, Government Communications Security Bureau, Statistics NZ, Ministry of Foreign Affairs & Trade, McConnell Dowell,¹³⁵ [].
- (v) Zenith Interiors (NZ) Ltd, an Australasian-wide business that supplies "the very best in corporate and commercial furniture and ... sustainable workplace solutions."¹³⁶ Zenith's customers include AON in New Zealand, and Wesfarmers Insurance, the University of Sydney, Ernst & Young, and Coca-Cola in Australia.¹³⁷
- (vi) McGreal's Ltd,¹³⁸ is an Auckland-based family owned business supplying office furniture to a range of business customers. McGreal's customers include Brother International (NZ) Ltd, PBT Transport Ltd, and Servcorp New Zealand Ltd.
- (vii) Europlan Ltd, an Auckland-based company that designs, supplies and services commercial office furniture.¹³⁹ In recent times Europlan has provided furniture to Auckland Transport, Trade Me, Clark Boyce and Ceres Organics.¹⁴⁰

131 Aspect Furniture Systems "Case Studies", available [here](#).

132 See Bourneville website, available [here](#).

133 Bourneville "Case Studies", available [here](#).

134 See Vidak website, available [here](#).

135 Vidak "Projects we love", available [here](#).

136 Zenith *People, products and service*, available [here](#).

137 Zenith "Projects", available [here](#).

138 McGreal's website, available [here](#).

139 Europlan "About", available [here](#).

140 Europlan "Case Studies", available [here](#).

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- (viii) And many others including, Damen Office Furniture Ltd,¹⁴¹ Hurdleys Office Furniture Ltd,¹⁴² Direct Office Furniture (2011) Ltd,¹⁴³ SmartOffice Ltd,¹⁴⁴ Office Furniture 2U,¹⁴⁵ Modern Office Ltd,¹⁴⁶ Vision Commercial Furniture Ltd,¹⁴⁷ and Commercial Office Equipment Ltd.¹⁴⁸

Educational supplies

- 8.48 The educational supplies segment involves the supply of education specific consumables to tertiary institutions, schools, early childhood centres, and other educational institutions. Such consumables include art supplies, textbooks, sport and recreational supplies, early childhood products, and other specialist education products.
- 8.49 Staples NZ has only a limited presence in this segment through its Teacher Direct subsidiary. In addition, Staples NZ is not present in the back-to-school ("**BTS**") sub-segment, which is vigorously contested between Warehouse Stationery (with the BTS segment recently described in The Warehouse Group's presentation to investors as Warehouse Stationery's "biggest campaign"),¹⁴⁹ Paper Plus Group, Progressive Enterprises' Countdown,¹⁵⁰ Officeplan Ltd (trading as Eeny Meeny),¹⁵¹ and OfficeMax NZ.
- 8.50 There are also a number of other specialist educational supplies, including:
- (a) Scholastic New Zealand Ltd's School Essentials, described as "the one stop shop for Educational and Teaching resources". Scholastic New Zealand Ltd had revenue of \$14.6 million for the most recent financial year¹⁵² and is a subsidiary of Scholastic Inc, the world's largest publisher and distributor of books, magazines, educational and multimedia materials for schools.
 - (b) Modern Teaching Aids Ltd, described as "the largest supplier of early childhood, primary and secondary school resources, teacher resources, school supplies, childcare supplies and classroom resources in New Zealand".¹⁵³
 - (c) Every Educaid Ltd, described as "the leading New Zealand Education Specialists of New Zealand Curriculum Resources to the Early Childhood sector and Primary, Intermediate and Secondary and Home Schools."¹⁵⁴
 - (d) Officeplan Ltd (trading as Eeny Meeny), described as a "leading New Zealand-owned specialist supplier to schools, and early education centres throughout New Zealand".¹⁵⁵ Its website states that "hundreds of schools and kindergartens throughout New Zealand use Eeny Meeny as their supplier for office products and education resources."¹⁵⁶

¹⁴¹ Damen Office Furniture website, available [here](#).
¹⁴² Hurdleys Office Furniture website, available [here](#).
¹⁴³ Direct Office Furniture website, available [here](#).
¹⁴⁴ Smart Office Furniture website, available [here](#).
¹⁴⁵ Office Furniture 2U website, available [here](#).
¹⁴⁶ Modern Office Ltd, available [here](#).
¹⁴⁷ Vision Commercial Furniture website, available [here](#).
¹⁴⁸ Commercial Office Equipment website, available [here](#).
¹⁴⁹ The Warehouse Group 2015 Interim Result (6 March 2015), available [here](#).
¹⁵⁰ Countdown "Back to School", available [here](#).
¹⁵¹ Eeny Meeny "2015 Stationery Packs", available [here](#).
¹⁵² Scholastic New Zealand Ltd *Financial Statements for the year ended 23 May 2014*, available [here](#).
¹⁵³ Modern Teaching Aids website, available [here](#).
¹⁵⁴ Every Educaid "About", available [here](#).
¹⁵⁵ Eeny Meeny "About us", available [here](#).
¹⁵⁶ See Eeny Meeny website, available [here](#).

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- (e) Educational Essentials Ltd,¹⁵⁷ described as "a supplier of Office Supplies, Merit Products, Early Learning supplies and Art & Craft Products to the Educational Market of Schools Kindergartens, Play Centres, Kohangas etc in New Zealand."¹⁵⁸
- (f) Creative Classrooms Ltd,¹⁵⁹ a privately owned supplier of educational supplies to schools and teachers.

Cafeteria supplies

8.51 The cafeteria supplies segment involves the supply and delivery to businesses of their office kitchen/canteen requirements, such as coffee; tea; cold beverages (water, juices, soft drinks, milk); edible items; sugar; disposable cups, plates, cutlery, and "undersink" cleaning supplies.

8.52 There are numerous vigorous competitors in this segment including:

- (a) The office products competitors outlined above, in particular NZOS, Warehouse Stationery/The Warehouse Group/Noel Leeming, OPD, Corporate Consumables, Fuji Xerox etc;
- (b) Foodstuffs Group (through Gilmours, Trent and Toops), which offers both pick-up and delivery options for the B2B supply of cafeteria supplies.¹⁶⁰ Gilmours is marketed as "the largest food and beverage wholesaler in New Zealand", that "offers a comprehensive range of over 12,000 products – all selected to help you with your day-to-day business needs."¹⁶¹
- (c) Café Express (NZ) Ltd ("Café Express"),¹⁶² a subsidiary of Bell Tea & Coffee Company Ltd, markets itself as "New Zealand's foremost hot beverage solutions provider". It provides coffee machines, drinks, snacks, grocery/kitchen supplies, and first aid products. Café Express has an online channel for customers to order product, with nationwide delivery available.¹⁶³ []
- (d) Café Direct is a division of Coca-Cola Amatil (NZ) Ltd ("**CCANZ**"), described as "New Zealand's largest workplace coffee vending business, with 1,500 customers".¹⁶⁴ Café Direct markets itself as the "expert providers of affordable hot beverage solutions for the medium to large workplace, from automated vending machines to premium fresh coffee beans, delicious hot chocolate and instant coffee to cups, sugar and other consumables".¹⁶⁵ Café Direct takes orders for automatic coffee machines, tea/coffee products and associated consumables through its website and its sales representatives, and delivers nationwide. Café Direct has distribution centres in Auckland, Wellington and Christchurch.
- (e) Progressive Enterprises Ltd, offers a range of cafeteria supplies and is increasingly marketing itself to businesses through its "Delivery Pass" offering (see **Appendix Fourteen**).¹⁶⁶

¹⁵⁷ See Educational Essentials website, available [here](#).

¹⁵⁸ Educational Essentials "About us", available [here](#).

¹⁵⁹ Creative Classrooms "About us", available [here](#).

¹⁶⁰ See Gilmours website, available [here](#).

¹⁶¹ See Gilmours website, available [here](#).

¹⁶² See Cafe Express website, available [here](#).

¹⁶³ Cafe Express "Shop Online", available [here](#).

¹⁶⁴ "Intent to purchase Cafe Direct coffee business" (media release, 5 March 2007), available [here](#).

¹⁶⁵ Cafe Direct "Coffee for Workplaces", available [here](#).

¹⁶⁶ Countdown "Delivery pass", available [here](#).

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- (f) Cafe Depot, a specialist kitchen and bathroom hygiene products supplier, offers a "stock control" service for workplace cafeteria products. Cafe Depot currently operates in Auckland, Hamilton, Wellington and Christchurch.¹⁶⁷

8.53 The presence of these vigorous competitors, as well as a number of other general workplace products competitors that offer cafeteria supplies (such as New Vision Office Products, Snell, Primepac, etc) and smaller competitors that focus on this segment (such as Beverage Services Ltd,¹⁶⁸ Coffee Biz NZ Ltd,¹⁶⁹ Coffee Plus Ltd,¹⁷⁰ Coffee Distribution NZ Ltd,¹⁷¹) demonstrates that competition will continue to be vigorous in the supply of cafeteria supplies to businesses.

Janitorial, hygiene and medical products

8.54 The janitorial, hygiene and medical product segment involves the supply of paper-based tissues; towels and toilet rolls; soaps; disinfectants and dispensers; cleaning cloths/pads/wipes, liquid surface cleaners/disinfectants; mops; buckets; bins, liners and workplace first aid products to businesses.

8.55 There are numerous vigorous competitors in this segment including:

- (a) The office products competitors outlined above, in particular NZOS, Warehouse Stationery/The Warehouse Group/Noel Leeming, OPD, Corporate Consumables and Fuji Xerox, etc;
- (b) Pacific Hygiene Ltd is a manufacturer and importer of a range of hygiene consumables into both New Zealand and Australia.¹⁷² Pacific Hygiene sells the full range of janitorial, hygiene and medical products and its customers "include Public and Private Hospitals, Government Departments, New Zealand's biggest listed businesses and internationally recognised fast food chains & commercial cleaners."¹⁷³
- (c) Waiwhetu Distributors Ltd, described as "providing quality service, cleaning supplies, equipment and solutions to some of the largest companies in New Zealand since 1978. It was established in Wellington and has grown over the years into a nationwide organisation with branches now in Auckland, Hamilton, Tauranga, Hastings, Palmerston North and Christchurch."¹⁷⁴ Waiwhetu Distributors supplies customers through its branch-based account managers and its online ordering website. In addition to janitorial, hygiene and medical products, Waiwhetu Distributors sells a range of safety equipment and protective clothing. []
- (d) WISNZ's business unit Packaging House, described as a "major distributor of foodservice packaging, cleaning, hygiene and industrial consumables in New Zealand", is estimated to be one the largest suppliers of janitorial, hygiene and medical products in New Zealand. As part of the WISNZ group, Packaging House has EDI functionality, as well as receiving orders through its sales phone line, account managers and online sales channel. Packaging House has ranged commercial stationery as part of its offer, including more recently by partnering with NZOS to offer a combined janitorial/hygiene/medical and commercial stationery products offering.

¹⁶⁷ See Cafe Depot website, available [here](#).

¹⁶⁸ Beverage Service "Office Coffee Supplies", available [here](#).

¹⁶⁹ CoffeeBiz "About Us", available [here](#).

¹⁷⁰ CoffeePlus "About Us", available [here](#).

¹⁷¹ Coffee Distribution NZ "About Us", available [here](#).

¹⁷² Pacific Hygiene "Company Profile", available [here](#).

¹⁷³ Pacific Hygiene "Company Profile", available [here](#).

¹⁷⁴ Waiwhetu Distributors "Company profile", available [here](#).

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- (e) Ecolab New Zealand, a subsidiary of Ecolab Inc, a provider of water, hygiene and energy technologies and services to the food, energy, healthcare, industrial and hospitality markets. In New Zealand, Ecolab New Zealand offers a full range of janitorial, hygiene and medical products. [].
- (f) Cannon Hygiene New Zealand Ltd,¹⁷⁵ is part of an international group of companies (OCS Limited), and supplies a full range of janitorial, hygiene and medical products in New Zealand. Cannon Hygiene has over 100 employees in New Zealand with service centres in Auckland, Hamilton, Rotorua, Palmerston North, Wellington, Christchurch and Dunedin.
- (g) ICB Cleaning Supplies Ltd,¹⁷⁶ is an Auckland based company that has operated for more than 25 years and is "involved in all activities necessary to provide customers with quality cleaning products at competitive prices".¹⁷⁷ ICB receives orders online, by phone or through its showroom.
- (h) Snell Packaging & Safety Ltd,¹⁷⁸ is a New Zealand owned supplier of products spanning the packaging, safety products and janitorial, hygiene and medical products segments. Snell has national coverage with distribution centres in Auckland, Hamilton, Wellington and Christchurch. Snell receives orders through its sale phone line, customer account managers and online sales channel. [].
- (i) Hygiene House Ltd, a New Zealand owned supplier of janitorial, hygiene and medical products to meet "most commercial and light industry requirements". Hygiene House receives orders by phone and its online sales channel.
- (j) The Service Company Ltd, a New Zealand owned supplier of janitorial, hygiene and medical products, operates distribution hubs in Auckland, Wellington and Christchurch.¹⁷⁹
- (k) EC Attwood Ltd, (trading as Attwoods Packaging), provides a range of packaging, safety and janitorial, hygiene and medical products for customers spanning "from large commercial operations to retail and small business."¹⁸⁰ Attwoods sells through its network of branches in Auckland, Hamilton, Tauranga and Christchurch and through its online sales channel.
- (l) Innoway Trading Ltd, (trading as Innoway Cleaning Supplies),¹⁸¹ provides janitorial, hygiene and medical products for customers across New Zealand. Established in 2008, Innoway Cleaning Supplies is now described as a "major player in the New Zealand-wide sales and distribution of commercial cleaning products and consumables", with customers including hospitals, schools, and hotels.¹⁸²
- (m) Cottonsoft Ltd, the New Zealand-based manufacturer of toilet tissue, paper towels and serviettes, owned by Indonesian conglomerate Asia Pulp and Paper. Cottonsoft operates its "Cottonsoft B2B" offering to supply "toilet paper,

¹⁷⁵ See Cannon Consumables website, available [here](#).

¹⁷⁶ See ICB Cleaning Supplies website, available [here](#).

¹⁷⁷ ICB Cleaning Products "Company Profile", available [here](#).

¹⁷⁸ Snell Packaging and Safety "Hygiene and Cleaning Products", available [here](#).

¹⁷⁹ The Service Company "About", available [here](#).

¹⁸⁰ Attwoods "About", available [here](#).

¹⁸¹ See Innoway Cleaning Supplies website, available [here](#).

¹⁸² "IT connectivity and stock guarantee are the essence of Innoway's success" (InClean, March/April 2014), available [here](#).

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facial tissues, towel and related products for use in all public and private commercial facilities".¹⁸³

- (n) Southern Hospitality Ltd "is like a mega kitchen store for the hospitality and foodservice industry. Stocking over 10,000 product lines imported directly from over 35 countries and over 1 million items", it services customers New Zealand-wide.¹⁸⁴
- (o) Cafe Depot is a "hygiene management" firm: it supplies kitchen and bathroom products via "stocking programmes", where Cafe Depot employees make regular visits to restock items and refill liquids. Cafe Depot promotes itself as having "a long list of clients that includes many of the country's most successful cafes, bars and award-winning restaurants, as well as offices and commercial laundries."¹⁸⁵
- (p) A range of commercial cleaners also offer janitorial, hygiene and medical products either together with their cleaning services or as a standalone product, for example AlSCO/Fresh&Clean¹⁸⁶ offers janitorial, hygiene and medical products consumables through its website and account managers, and Rentokil-Initial Ltd offers consumables together with its janitorial/cleaning services.¹⁸⁷

Safety products

8.56 The safety products segment involves the supply to businesses of personal protective equipment and apparel, first aid and preparedness products.

8.57 There are numerous vigorous competitors in this segment including:

- (a) The office products competitors outlined above, in particular NZOS, Warehouse Stationery/The Warehouse Group/Noel Leeming, OPD, Corporate Consumables, Fuji Xerox etc,
- (b) WISNZ, described as New Zealand's "largest and leading industrial distribution company".¹⁸⁸ WISNZ through its NZ Safety,¹⁸⁹ Blackwoods Protector,¹⁹⁰ Direct 2 Trade,¹⁹¹ Safety Source,¹⁹² Packaging House,¹⁹³ Expresspak,¹⁹⁴ and PHL Medical¹⁹⁵ business units is estimated to account for more than half of the sales of safety products to businesses in New Zealand. WISNZ has EDI functionality, as well as receiving orders through its sales phone line, account managers and online sales channel.
- (c) BOC New Zealand Holdings Ltd,¹⁹⁶ a member of The Linde Group, is a provider of "safety equipment, PPE and services to thousands of businesses throughout Australia and New Zealand". BOC []. BOC sells products through its online store, and through a range of outlets New Zealand-wide.

¹⁸³ Cottonsoft "About us", available [here](#).
¹⁸⁴ Southern Hospitality "About Us", available [here](#).
¹⁸⁵ See Cafe Depot website, available [here](#).
¹⁸⁶ AlSCO "Consumables", available [here](#).
¹⁸⁷ See Initial NZ website, available [here](#).
¹⁸⁸ See Wesfarmers Industrial and Safety NZ website, available [here](#).
¹⁸⁹ See NZ Safety website, available [here](#).
¹⁹⁰ See Blackwoods Protector website, available [here](#).
¹⁹¹ See Direct 2 Trade website, available [here](#).
¹⁹² See Safety Source website, available [here](#).
¹⁹³ See Packaging House website, available [here](#).
¹⁹⁴ See Expresspak website, available [here](#).
¹⁹⁵ See PHL Medical website, available [here](#).
¹⁹⁶ See BOC New Zealand website, available [here](#).

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- (d) Snell Packaging & Safety Ltd,¹⁹⁷ as noted at paragraph 8.55(h) above, Snell is a New Zealand owned supplier of products spanning the packaging; safety; janitorial, hygiene and medical; and commercial stationery segments. Snell has national coverage with distribution centres in Auckland, Hamilton, Wellington and Christchurch. Snell receives orders through its sale phone line, customer account managers and online sales channel.
- (e) EC Attwood Ltd, as noted at paragraph 8.55(k) above, provides a range of packaging; safety, janitorial, hygiene and medical; and commercial stationery products for customers spanning "from large commercial operations to retail and small business."¹⁹⁸ Attwoods sells through its network of branches in Auckland, Hamilton, Tauranga and Christchurch and through its online sales channel.
- (f) Fletcher Building's wholly-owned business Equip Safety, "New Zealand's national supplier of safety equipment to industry".¹⁹⁹ Equip sells through Fletcher Building's 60 Mico branches nationwide.
- (g) Bunzl Industrial and Safety, markets itself as a "one-stop shop" solution for the full range of safety and personal protection equipment.²⁰⁰
- (h) And many other regional players.

Packaging products

- 8.58 The packaging products segment encompasses commonly used products such as bubble-wrap, padded mailers and tape (supplied by almost all office products suppliers) and specialist industrial-type supplies such as pallet wrap and automated equipment (generally sold by specialist packaging suppliers).
- 8.59 While OfficeMax NZ actively markets itself in the packaging product segment,²⁰¹ Staples NZ does not. Staples NZ is a small player in this segment, with the supply of packaging products ancillary to its other lines of supply. There are a range of other competitors in this segment:
- (a) WISNZ through its Packaging House²⁰² and Expresspak²⁰³ business units. Packaging House is described as "New Zealand's largest distributor of industrial and food service packaging, medical and hygiene consumables."²⁰⁴
 - (b) Snell Packaging & Safety Ltd,²⁰⁵ as noted at paragraph 8.55(h) above, Snell is a New Zealand owned supplier of products spanning the packaging; safety; janitorial, hygiene and medical; and commercial stationery segments.
 - (c) EC Attwood Ltd, as noted at paragraph 8.55(k) above, provides a range of packaging, safety and janitorial, hygiene and medical products for customers spanning "from large commercial operations to retail and small business".²⁰⁶ Attwood's, along with Bay Trade Supplies Ltd, Hardy Packaging Ltd, East Coast Packaging Ltd, Packaging Products Ltd, MJ Shardlow and Co Ltd, and

¹⁹⁷ Snell Packaging and Safety, "Hygiene and Cleaning Products", available [here](#).

¹⁹⁸ Attwoods "About Attwoods", available [here](#).

¹⁹⁹ See Equip Safety website, available [here](#).

²⁰⁰ Bunzl Australasia "Safety", available [here](#).

²⁰¹ OfficeMax "Packaging", available [here](#).

²⁰² See Packaging House website, available [here](#).

²⁰³ See Expresspak website, available [here](#).

²⁰⁴ Wesfarmers "Industrial and safety", available [here](#).

²⁰⁵ Snell Packaging and Safety "Hygiene and cleaning products", available [here](#).

²⁰⁶ Attwoods "About Attwoods", available [here](#).

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Otago Packaging Supplies Ltd, jointly own Paklink (NZ) Ltd.²⁰⁷ Paklink brings together "seven independent packaging distribution companies" into one entity. "Because of this strength in numbers, Paklink (NZ) Ltd is regarded in many sectors of the packaging industry as New Zealand's 'Major National Distribution Network'."²⁰⁸

- (d) As noted at paragraph 8.9(f)(iii), Bunzl plc recently expanded into this packaging segment following its April 2014 acquisition of Nelson Packaging Supplies Ltd in April 2014.
- (e) Paperlinx/Spicers expanded into this segment in 2012 through its acquisition of CPS in Christchurch, providing Paperlinx/Spicers "with our first step into the world of packaging consumables." Since that time Paperlinx/Spicers has expanded in packaging presence to its regional sites in Auckland, Wellington and Dunedin to provide it with nationwide offering.²⁰⁹
- (f) Universal Packaging Ltd, a company that "lead[s] the industry in specialised pallet wrapping".²¹⁰
- (g) Primepac Industrial Ltd, "a leading manufacturer & distributor of industrial supplies & packaging products including: packaging tapes, plastic packaging, strapping, site supplies, marking sprays, safety equipment, cafeteria & hygiene supplies. We supply leading companies throughout New Zealand providing a fast, freight free-delivery to our customers."²¹¹

Print solutions

8.60 The print solutions segment involves the provision of print broking and print management services to arrange the printing of flyers, pamphlets, posters, branded business materials for businesses. Neither Staples NZ nor OfficeMax NZ have their own commercial printing facilities, and the service performed is as an intermediary between business customers and commercial printers. This is a highly fragmented segment, and there are range of competitors that either offer their own commercial printing services directly to customers or act as intermediaries, such as:

- (a) BSP Holdings Ltd (trading as Blue Star), a diversified commercial printing group, with revenues of \$265 million, that offers print management and fulfilment services "for large and small organisations — from financial services to insurance, telco, industry, publishing, retail, advertising and government agencies at all levels",²¹²
- (b) PMP (NZ) Ltd, a group of five print and media divisions is "the largest commercial print company in New Zealand".²¹³ PMP offers "corporate printing" services "for both corporate companies and individuals."²¹⁴
- (c) Wickliffe NZ Ltd, a commercial printer with printing and warehousing facilities in Auckland, Palmerston North, Wellington, Christchurch and Dunedin. Wickliffe offers print supply chain management and logistics solutions.²¹⁵ Wickliffe

²⁰⁷ Paklink "About Paklink", available [here](#).

²⁰⁸ Paklink "About Paklink", available [here](#).

²⁰⁹ Spicers "Packaging consumables", available [here](#).

²¹⁰ Universal Packaging "About", available [here](#).

²¹¹ Primepac "About Us", available [here](#).

²¹² Bluestar, Hexagon, Webstar *Group overview*, available [here](#).

²¹³ PMP "Our Companies", available [here](#).

²¹⁴ PMP "Corporate Printing", available [here](#).

²¹⁵ Wickliffe "About us", available [here](#).

works with "Fuji Xerox equipment to deliver digital print solutions and we're working with them to deliver fully managed print supply chain solutions."²¹⁶

- (d) Soar Printing Company Ltd, "a leading New Zealand print solutions and printing services company. We work with clients in every industry sector, providing offset printing, digital printing, label printing, online print management, large-format printing and more."²¹⁷
- (e) Norcross Printing Group Ltd,²¹⁸ "one of the largest privately owned and operated ISO printing companies in New Zealand", Norcross offers "a fully integrated print management solution".²¹⁹
- (f) Ergo Asia (New Zealand) Pty Ltd, a subsidiary of Konica Minolta Inc, a provider of marketing and print management services across Australia, New Zealand and Asia,²²⁰
- (g) Trio Group Ltd, part of the Australasian group Print Management Australia Holdings Pty Ltd ("**PMA Solutions**"), "specialises in simplifying the sourcing, storing and distribution of branded material, leading to increased efficiency, productivity and cost savings."²²¹ [].
- (h) And many others, including Proclaim Solutions Group Ltd (which offers customers "an end-to-end print management solution"),²²² Flamingo Total Print Management Ltd (which offers a "complete print management service" for both large and small businesses),²²³ Print Management Ltd (the preferred supplier to Fisher & Paykel Healthcare), Premier Business Print Ltd,²²⁴ Star Business Print Ltd,²²⁵ and MC2 Ltd,²²⁶ amongst many others.

Low barriers to entry and expansion

8.61 As outlined at paragraphs 8.9 above, there are a number of industry examples of suppliers expanding across workplace product categories. Indeed, Staples' and OfficeMax's shifts away from traditional commercial stationery products and toward other workplace products further illustrate this trend. As "resellers" of third party product, not manufacturers, there no material costs to entry into, or expansion across, categories as that simply involves accessing a wholesale source of supply of additional products, which are readily available. This demonstrates that the barriers to entry and expansion are low, and that any business with access to an existing distribution network and relationship with a customer could readily expand into additional product lines if it identified a market opportunity. Many are doing so already.

8.62 There is also a number of other significant competitors in workplace products in Australia, and elsewhere, that could readily launch in New Zealand, and would be particularly motivated to do so if market opportunities were to arise. For example, in addition to AmazonSupply, OfficeWorks is a large competitor in the Australian workplace products market. At present, OfficeWorks has over 150 retail stores in Australia, and an existing distribution infrastructure that supports its stores. OfficeWorks offers a product

²¹⁶ Wickliffe "Changing Times", available [here](#).

²¹⁷ Soar Print website, available [here](#).

²¹⁸ Norcross website, available [here](#).

²¹⁹ Norcross "Print Management", available [here](#).

²²⁰ "Konica Minolta acquires Ergo Asia" (media release, 23 June 2014), available [here](#).

²²¹ Trio "Who we are", available [here](#).

²²² Proclaim "About us", available [here](#).

²²³ Flamingo "About us", available [here](#).

²²⁴ Premier "About us", available [here](#).

²²⁵ See Starprint website, available [here](#).

²²⁶ MC2 "About MC2", available [here](#).

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selection that spans commercial stationery, janitorial, hygiene and medical products, technology solutions, office furniture, and educational supplies, and has become increasingly active in the last 18 months in supplying to larger businesses and government customers in Australia. OfficeWorks' parent company, Wesfarmers, also operates the Bunnings and Kmart retail chains (both of which have a strong consumer presence in New Zealand) and WISNZ (which as noted above is strong in the B2B supply of safety and janitorial, hygiene and medical products). Wesfarmers has announced it is planning to expand its presence in New Zealand in the near future,²²⁷ and OfficeWorks can be regarded as ready entrant to New Zealand should market opportunities arise.

Significant competition in every customer segment

- 8.63 As noted at paragraphs 8.20 – 8.36 above, workplace products markets cannot readily be defined by customer type.
- 8.64 All customers will readily switch suppliers, with this dynamic reflected in the significant customer churn that each of the Parties experiences in any given year:
- (a) []
 - (b) []
- 8.65 Even if the Commission were to focus on specific customer segments, significant competition will remain post-transaction in each such segment.

Government customers

- 8.66 As the Commission will be aware, the MBIE / DIA Government Procurement Branch awards AOG contracts for the right to supply of products and services to the New Zealand State sector and the New Zealand Public sector.²²⁸ While purchasing pursuant to the AOG contract is open to all government entities, and it is mandatory for many, a number of government entities, such as SOEs, schools, and local/regional councils, have the option whether to purchase under the AOG contract or to adopt their own purchasing arrangements.²²⁹
- 8.67 AOG contracts are typically tendered by MBIE periodically for different product/service categories, with approved suppliers appointed to a chosen panel to supply those products/services for the period of time nominated by MBIE.
- 8.68 Relevant to this application, MBIE periodically tenders out the right to supply AOG agencies "Office Supplies" (previously called "Office Consumables"), which covers a number of the workplace products categories referred to in this application, namely commercial stationery products, cafeteria supplies, janitorial, hygiene and medical products, and educational supplies. The panellists previously appointed to AOG's Office Consumables panel in 2010 were Staples NZ and OfficeMax NZ. However, that contract is due to expire in 2015 and MBIE has received tenders for its new "Office Supplies" panels, with suppliers to be appointed across five categories specified by MBIE:²³⁰
- (a) "Key office supplies", which includes general stationery, basic canteen supplies, basic undersink cleaning supplies, and basic first aid supplies;

²²⁷ "Bunnings, Kmart owner plans more NZ stores" *Dominion Post* (23 February 2015), available [here](#).

²²⁸ Procurement.govt.nz *All-of-Government-Contracts: Eligibility*, available [here](#).

²²⁹ See *List of Public Sector Agencies*, available [here](#).

²³⁰ Ministry of Business, Innovation and Employment *Office Supplies: RFP Release - Information for Eligible Agencies* (15 September 2014), available [here](#).

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- (b) "Washroom consumables", which includes hand towels, hand soap, toilet tissue;
- (c) "Cleaning and hygiene consumables", which includes specialist cleaning products, supplies and chemicals;
- (d) "ICT consumables", which includes cartridges, data storage media, computer accessories;
- (e) "Education supplies", which includes arts and crafts, presentation, filing system consumables and exercise book products.

8.69 MBIE has not required tenderers to tender across all five categories, and only the "key office supplies" category is required to be supplied on a national basis. Initial MBIE feedback is that there are now "more suppliers capable of supplying to Government", that of 28 potential suppliers identified "most suppliers have the logistic and technology capability to supply participating agencies on a nationwide basis" and seven are capable of supplying across all categories within the scope of the existing "Office Consumables" contract.²³¹

8.70 The tender period closed in late October 2014. The Parties understand that the tender process has been highly competitive, with a range of single-segment and multi-segment competitors submitting responses. MBIE is currently evaluating the responses it received, and []:²³²

[]

8.71 Given MBIE's AOG request for proposals ("**RFPs**") process has now completed, if Government customers could be considered a distinct customer segment (which for the reasons outlined at paragraphs 8.20 to 8.36, the Parties do not consider is the case), competition for that customer segment has taken place and will not occur again until 2019 at the earliest (the RFP proposal is for a four plus two year contract).²³³ Given the ease of entry and expansion in the workplace products industry, MBIE's ability to structure its AOG tender process to maximise the number of competitive response [], the Parties are confident MBIE will again receive highly competitive responses in 2019/21. Notably, the same array of competitors vigorously competing for the MBIE business are also well positioned to serve commercial customers, including large commercial customers (see paragraph 8.77).

Education customers

8.72 Schools and universities have the option to purchase workplace products, including commercial stationery, educational supplies, cafeteria supplies, and janitorial, hygiene and medical products pursuant to the AOG tender. Accordingly, for the reasons set out at paragraph 8.71 above, education customers will continue to be able to purchase at highly competitive prices through to 2019/21 and beyond, at their option pursuant to that tender process.

8.73 Even for those schools that choose to purchase outside of the AOG panel (estimated at ~95% of schools),²³⁴ they will continue to be able to play-off a number of competitors

²³¹ New Zealand Government *Office Consumables: A summary report for suppliers* (March 2014), available [here](#).

²³² [].

²³³ This is similar to the approach the Commission adopted to considering competition in industries characterised by long-term contracts in *Vector Limited and Arc Innovations Limited* [2014] NZCC 36, available [here](#).

²³⁴ New Zealand Government *Office Consumables: A summary report for suppliers* (March 2014), available [here](#); and Education Counts "Number of Schools", available [here](#).

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against each other and against the AOG prices (which they can elect to participate in at their own option), including:

- (a) For commercial stationery, individual schools will be able to continue to play-off the combined entity against NZOS, OPD, Warehouse Stationery, Corporate Consumables, Fuji Xerox, among others, and suppliers of commercial stationery that focus on education customers such as Modern Teaching Aids Ltd, Officeplan Ltd (trading as Eeny Meeny), and Educational Essentials Ltd.
- (b) For educational supplies, individual schools will be able to continue to play-off the combined entity against Eeny Meeny, Education Essentials Ltd, Every Educaid, Modern Teaching Aids, Creative Classrooms, School Essentials, among others, as they do today.
- (c) Similarly for cafeteria supplies and janitorial, hygiene and medical products, all the existing suppliers will continue to compete for those schools business.

8.74 There will also be no reduction of competition in the BTS sub-segment, as Staples is not active in the supply of stationery products to parents. The key competitors in that segment, Warehouse Stationery, Paper Plus Group, Whitcoulls and Progressive Enterprises' Countdown, will continue to compete with the combined entity.²³⁵

8.75 Accordingly, the Parties are confident there will be no material lessening in the competitive options for schools that choose to purchase outside of the AOG contract.

Small to medium business customers

8.76 Small to medium business customers will continue to have a large number of workplace products suppliers to choose from across each and every product segment, including NZOS, OPD, Corporate Consumables, Warehouse Stationery, Fuji Xerox Office Supplies, Paperlinx/Spicers/CPS, as well as the myriad of other competitors focussed on particular product segments, the myriad of other smaller online B2B workplace products competitors (such as New Vision Office Products Ltd, Office Products Online, LookAt Ltd etc) and retailers that are currently primarily focussed on smaller business customers, such as Paper Plus Office, Whitcoulls Business etc.

Larger business customers

8.77 There will continue to be significant competition for larger business customers, as evidenced by MBIE's feedback that there are at least seven suppliers capable of fulfilling AOG's requirements (which is, in essence, a collection of a number of large customers) across all "key office products" categories on a nationwide basis (see paragraph 8.69 above). These competitors include NZOS, OPD, Corporate Consumables, Warehouse Stationery, and Fuji Xerox Office Supplies.

8.78 Furthermore, large business customers are likely to exercise countervailing power, including employing sophisticated procurement practices to maximize the value they receive from workplace product suppliers.

8.79 Customers routinely use requests for quotes ("**RFQs**") and RFPs to solicit and compare competing offers, and facilitate direct competition between suppliers. Cost-cutting measures and pressures to manage costs have also led many New Zealand businesses to hire professional procurement officers or outside consultants (such as Expense Reduction Analysts),²³⁶ to ensure pre- and post-bid processes are conducted in a way to

²³⁵ Countdown "Back to School", available [here](#).

²³⁶ Expense Reduction Analysts website, available [here](#).

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maximize price discounts and preserve flexibility in switching providers, retendering business, and purchasing workplace products off-contract.

- 8.80 Customers also tender portions of their business, or split their purchases, according to product categories to elicit the best pricing and service offerings available. For example, [].
- 8.81 Contract terms demonstrate the vigorous nature of competition, and the significant leverage wielded by large commercial customers. For example, contracts often guarantee the customer a certain level of price, which is frozen under the contract and can only be changed after a one-year period. In certain cases, contracts will stipulate that prices can only be increased upon the vendor providing to the customer written proof from the manufacturer that the manufacturer has increased prices for the vendor.
- 8.82 Customers also solicit bids directly from manufacturers of products with respect to key product categories. In such instances, customers contract directly with the OEM. Alternatively, OEMs can provide programs, such as MPS to replace a range of product categories, including printer hardware, paper, ink, toner, and other printing consumables. In these ways and others, large commercial customers often pit workplace products distributors against their own supplier to provide an additional mechanism of competition and ensure low pricing.
- 8.83 In other cases, customers may participate in buying groups or purchasing consortia to aggregate their buying power. For example, there are entities, such as "The Buying Group"²³⁷ and "CSC Buying Group",²³⁸ and n3 Ltd²³⁹ that exist for this purpose.²⁴⁰

Our ideal members are medium-to-large commercial or industrial businesses, whom have a large expenditure in packaging, safety equipment/clothing, engineering, electrical, stationery, amongst others. The prices that we have obtained for individual items in the above categories can be up to 40% lower than what you are paying now.

- 8.84 To maximise discounts, customers will also frequently offer to designate one supplier as the exclusive or preferred supplier of workplace products for certain product categories. However, even when a supplier is nominally designated as the "exclusive" or "preferred" supplier of workplace products to a customer, this does not preclude other suppliers from competing for that customer's business. Indeed, it is very common for customers to continue to purchase from other workplace products suppliers even in circumstances where one supplier has been designated as the exclusive/preferred supplier. Since customers can multi-source and since contract "leakage" is significant, a contract win is merely the starting point for subsequent competition for share of a customer's wallet.
- 8.85 The above strategies are illustrative of the large and diverse set of competitors, as well as the significant countervailing power held by business customers for workplace products in New Zealand. This competitive dynamic would allow larger business customers to defeat any attempt to exercise putative market power by a supplier of workplace products. [].²⁴¹
- 8.86 Moreover, as outlined at paragraphs 8.61 to 8.62, there are no material barriers to entry or expansion to prevent existing competitors currently focused on smaller businesses to begin targeting larger customers.

²³⁷ The Buying Group "About Us", available [here](#).
²³⁸ See CSC Buying Group website, available [here](#).
²³⁹ See n3 website, available [here](#).
²⁴⁰ The Buying Group "About Us", available [here](#).
²⁴¹ [].

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- (a) Almost all competitors have the ability to supply to multiple locations within a 24 hour turnaround time given the access to third party courier and logistics networks;
- (b) The cost of EDIs, and associated consolidated invoicing software, has decreased dramatically in recent years; and
- (c) Competitors that have historically focussed on smaller customers could offer volume discounts to entice business from larger customers, if they so wished, in the knowledge that winning the business from a larger customer would provide the volumes necessary for the competitor to achieve scale and transactional efficiencies in its own procurement of inputs from wholesalers.

Wholesale distribution of commercial stationery

8.87 As noted at paragraph 1.3(b) above, OMHL also owns and operates Croxley, a business that is active in the manufacture and/or wholesale distribution of a number of stationery, technology and kitchen appliance products in New Zealand. While Croxley exports to some other countries (Australia and the Pacific Islands), Croxley is primarily a New Zealand focussed wholesaler. The products that Croxley distributes in New Zealand are set out at **Appendix Sixteen**.

8.88 [], Croxley and OfficeMax NZ are operated as two separate businesses from separate locations.²⁴² Croxley treats OfficeMax NZ as a customer in the same way it treats other third party customers. As such, OfficeMax does not derive a competitive advantage vis-a-vis other resellers by virtue of its relationships with Croxley. Croxley's top customers for each product it supplies are set out at **Confidential Appendix Ten**.

8.89 The Staples Group is not active in the manufacture or wholesale distribution of any of these products in New Zealand so the transaction does not result in any horizontal aggregation as a result of OMHL's ownership of Croxley. The transaction will not result in any additional vertical integration given Croxley and OfficeMax NZ are already part of the same corporate group.

8.90 While Croxley is still currently a manufacturer of some stationery products, in September 2014 it announced it would cease manufacturing by June 2015 and become a dedicated wholesaler.²⁴³ Croxley's reasons for ceasing manufacturing were:²⁴⁴

a decline in postal use and demand for traditional paper-based products with emails replacing envelopes and writing paper; the widespread availability of cheap imported products; the strength of the New Zealand dollar which impacts on Croxley's ability to successfully export products manufactured locally; and the fact that investing in new manufacturing machinery in a declining market simply doesn't stack up.

8.91 This decision reflects the highly competitive commercial stationery wholesaling industry that Croxley competes in, and the ease of importation of these products. Croxley's view is that [].

8.92 In addition to Croxley, there are a number of other well-resourced commercial stationery wholesalers present in New Zealand that (mostly) import product from overseas or manufacture product in New Zealand. These include:

²⁴² Croxley's offices are in Avondale, Auckland, whereas OfficeMax NZ's offices are in East Tamaki, Auckland.

²⁴³ "Croxley confirms it will cease manufacturing" (media release, 4 September 2014), available [here](#).

²⁴⁴ Ibid.

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- (a) Candida Stationery Ltd, a New Zealand owned company that is a leading envelope manufacturer and supplier in New Zealand and Australia;²⁴⁵
- (b) Pelikan Artline Pty Ltd, a stationery and janitorial supplies wholesaler formed from the consolidation over the last 8 years of Pelikan Quartet, Geoff Penney, Esselte Australia & New Zealand and Northfork Chemicals. Pelikan Artline Pty Ltd is "one of the largest distributors of office products in the Australian and New Zealand markets, Pelikan Artline provides the office products industry with world class brands and service."²⁴⁶ The range of products Pelikan Artline distributes in New Zealand is set out at **Appendix Sixteen**;
- (c) ACCO New Zealand Ltd, part of ACCO Brands Corporation (the world's largest office supplies distributor).²⁴⁷ ACCO has a new purpose built 35,000 square feet distribution centre in Wellington and is a supplier to both large and small resellers of stationery products. The range of products ACCO distributes in New Zealand is set out at **Appendix Sixteen**;
- (d) Ingram Micro (NZ) Ltd, a subsidiary of the world's largest distributor of computer and technology products. In New Zealand, Ingram Micro (NZ) distributes products from over 140 brands including HP, Lenovo, IBM, Apple, Canon, Epson, Adobe, Intel, Logitech and Microsoft;
- (e) Bic (NZ) Ltd, a subsidiary of Société Bic, the French publicly listed manufacturer and wholesaler of pens, pencils, permanent markers, highlighters, dry-erase markers, colouring pencils, crayons, arts and crafts kits, correction fluid, correction pens and tapes, erasers, and adhesive labels. Bic announced in 2013 that it would cease manufacturing in New Zealand given rising local manufacturing costs meant locally manufacture products were not cost competitive with imported product.²⁴⁸ The range of products Bic distributes in New Zealand is set out at **Appendix Sixteen**;
- (f) Acme Supplies Ltd, a New Zealand owned company that has been the "exclusive New Zealand importer and distributor of major international brands of quality office products and hand tools for over 40 years."²⁴⁹ The range of products Acme distributes in New Zealand is set out at **Appendix Sixteen**;
- (g) Staedtler NZ Ltd,²⁵⁰ a subsidiary of Staedtler Mars GmbH & Co. KG, a German company founded in 1835. In New Zealand, Staedtler distributes pens, pencils, markers, colouring and painting products, technical drawing instruments and FIMO modelling clay;
- (h) AW Faber-Castell (NZ) Ltd,²⁵¹ a subsidiary of Faber-Castell AG, one of the world's oldest manufacturers of writing instruments. In New Zealand, Faber-Castell distributes pencils, pens, markers, artists' pens and pencils, children's pencils and crayons, and technical drawing instruments;
- (i) 3M New Zealand Ltd,²⁵² part of the 3M Corporation headquartered in Minnesota. 3M's New Zealand workplace products range includes Command hooks/mounting systems, Scotch Brite cleaning products, Post-it notes,

²⁴⁵ See Candida website, available [here](#).

²⁴⁶ Pelikan Artline "About Us", available [here](#).

²⁴⁷ ACCO "About Us", available [here](#).

²⁴⁸ "Bic announces the end of the Kiwi ballpoint" *NewstalkZB* (10 September 2013), available [here](#).

²⁴⁹ ACME, "About ACME", available [here](#).

²⁵⁰ Staedtler, "Products", available [here](#).

²⁵¹ Faber Castell, "Faber Castell Australia", available [here](#).

²⁵² 3M "Products and services", available [here](#).

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Scotch Tape adhesives, and 3M screen privacy filters and ergonomic office accessories;

- (j) Newell Rubbermaid,²⁵³ a "global marketer of consumer and commercial products", owns and distributes a number of writing brands including Parker, Waterman, Sharpie, Paper Mate, Expo, Dymo and Uniball;²⁵⁴
- (k) Henkel New Zealand Ltd²⁵⁵ a subsidiary of Henkel AG & Co, KGaA, which is a German based company operating in the laundry/home care, beauty care and adhesive technologies sectors. In New Zealand, Henkel supplies tapes, correction products, and glue products under the Sellotape and Pritt brands;
- (l) Dynamic Supplies Pty Ltd,²⁵⁶ a wholesale IT consumables and printer hardware supplier. Dynamic Supplies states that its annual turnover is approaching A\$300 million and it currently employs over 140 people across Australia and New Zealand;
- (m) There are several New Zealand based manufacturers of stationery products remaining, including Clever Kiwi Company Ltd, a manufacturer of school exercise books and children's activity books,²⁵⁷ K Kurtovich Products Ltd,²⁵⁸ a manufacturer of stationery, diaries and calendars, Rapid Labels Ltd²⁵⁹ (part of the Blue Star / Hexagon group), a label manufacturer based in Auckland.

8.93 In addition, the low cost and easy availability of workplace products in overseas countries has led to a number of stationery retailers importing these products themselves. The Commission in its 1993 clearance of the acquisition by Whitcoulls of Croxley²⁶⁰ concluded that "there are no particular problems [for stationery retailers] associated with obtaining imported supplies." This is even more so the case today. Since that time tariffs on stationery products into New Zealand have been reduced to zero, parallel importing has been legalised and New Zealand retailers are becoming increasingly sophisticated in sourcing their own stock requirements from overseas (in particular, for items such as stationery from Asia).

8.94 For example, The Warehouse Group/Warehouse Stationery increasingly sources its stationery products directly from overseas (bypassing New Zealand wholesalers). In particular:

- (a) The Warehouse Group/Warehouse Stationery has frequently chosen to bypass Croxley and parallel import brands that Croxley distribute in New Zealand, for example Amos Glue²⁶¹ and Bostik Blu-Tack.²⁶²

²⁵³ See Newell Rubbermaid website, available [here](#).

²⁵⁴ Newell Rubbermaid "Our Company", available [here](#).

²⁵⁵ Sellotape "Stationery", available [here](#).

²⁵⁶ See Dynamic Supplies website, available [here](#).

²⁵⁷ Clever Kiwi "About Us", available [here](#).

²⁵⁸ See Kurtovich website, available [here](#).

²⁵⁹ See Rapid Labels website, available [here](#).

²⁶⁰ *Whitcoulls Group Ltd / Spicers Paper NZ Ltd (Croxley Collins Olympic and Armidale Industries Ltd)* (Decision No. M2233, 15 October 1993).

²⁶¹ Warehouse Stationery "Glue Sticks", available [here](#).

²⁶² Warehouse Stationery "Bostik Blu-Tack", available [here](#).

Figure 3 - Example of Warehouse Stationery marketing of "branded import" products



Source: Warehouse Stationery "Bostik Blu-Tack", available [here](#).

The Warehouse Group/Warehouse Stationery market these products as "Branded Imports", which it describes as "genuine products & sourced globally".²⁶³

- (b) The Warehouse Group/Warehouse Stationery has placed considerable focus on its private label "Impact" branded stationery, sourced from overseas, and sourcing private label products of equivalent quality to branded alternatives is plainly not a problem for The Warehouse Group/Warehouse Stationery:²⁶⁴

Today Warehouse Stationery announces that **Impact**, the biggest selling school exercise books in NZ retail, has been accredited with the highest quality assurance standard in school stationery by Standards New Zealand.

- (c) The Warehouse Group has in recent times looked to further enhance its own abilities in direct sourcing from overseas, including through its acquisition of Compete Entertainment Services Ltd ("**CES**") in 2013²⁶⁵ and Insight Traders in 2012,²⁶⁶ companies involved in sourcing inputs overseas and distributing them to New Zealand. The acquisition of CES has provided Warehouse Stationery with its own wholesale distribution business, which it uses to parallel import product and to enter into distributor agreements with OEMs. For example, The Warehouse Group [].

8.95 Staples NZ has similarly chosen to primarily use supply sources other than Croxley for its stationery inputs. For example, during 2014 [].

8.96 Given the number, and nature, of competitive wholesale alternatives open to resellers of stationery products, there is no prospect of problematic vertical effects arising from the transaction. As noted in the Commission's *Mergers & Acquisitions Guidelines*, vertical effects can only be a concern if a business has market power, which is plainly not the case. Furthermore, demonstrating that the combined entity could not, and would have

²⁶³ Warehouse Stationery "Price Comparison", available [here](#).

²⁶⁴ "Highest Selling School Exercise Book Raises Quality Bar", (Media release, 20 January 2014), available [here](#).

²⁶⁵ The Warehouse Group *Annual Report 2014*, available [here](#).

²⁶⁶ "House of Bargains' enhanced" (Media release, 17 September 2012), available [here](#).

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no incentive to, foreclose supply of Croxley products to downstream competitors is the fact that:

- (a) OMHL is already vertically integrated to date and has not sought to restrict supply to any downstream competitors (and indeed operates Croxley and OfficeMax NZ as separate entities in order to treat OfficeMax NZ the same as any other customer); and
- (b) Croxley only supplies a small fraction of the products that workplace suppliers compete across [], and in any event substitutes are available from other sources, so any attempt at foreclosure would only reduce Croxley's sales and not have any material effect on competition.

8.97 Accordingly, the transaction will not have any impact on Croxley's incentives to maximise sales to as many customers as possible.

8.98 The transaction will also not have any detrimental effect on competition in any purchasing market through the combination of Staples NZ and OfficeMax NZ given that, even if Staples NZ directs more of its purchases through Croxley post-transaction, there will still be a significant number of other wholesale purchasers of stationery and technology products in New Zealand (including resellers to consumers) that will continue to account for the majority of wholesale demand, such as The Warehouse Group/Warehouse Stationery/Noel Leeming, NZOS, OPD, Fuji Xerox Office Supplies, Corporate Consumables, Paper Plus Group, Whitcoulls, Harvey Norman, Kmart, Progressive Enterprises, Foodstuffs, among many others.

8.99 For these reasons the Parties are confident no problematic vertical effects will arise as a result of the transaction.

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CONFIDENTIALITY

9. If you wish to request confidentiality for specific information contained in or attached to the notice, please state why you consider the information to be confidential and state the reasons for your request in terms of the criteria set out in the Official Information Act 1982.

9.1 Confidentiality is sought in respect of the information in this application that is contained in square brackets and highlighted. Confidentiality is sought for the purposes of section 9(2)(b) of the Official Information Act 1982 on the grounds that:

- (a) the information is commercially sensitive and valuable information which is confidential to the participants; and
- (b) disclosure would be likely unreasonably to prejudice the commercial position of the participants, as the parties providing the information.

9.2 Staples requests that it be notified of any request made to the Commission under the Official Information Act 1982 for release of the confidential information. Staples also requests that the Commission seek and consider Staples' views as to whether the information remains confidential and commercially sensitive at the time responses to such requests are being considered.

9.3 The foregoing equally applies in respect of any additional information provided to the Commission that is expressed to be confidential.

10. Provide two copies of the application. One copy must be a confidential version and the other a public version both in Microsoft word format and in searchable PDF format.

- **In the confidential version of the application any information for which confidentiality is sought must be highlighted in bold and contained in [square brackets].**
- **In the public version the confidential information should be removed from within the square brackets, with the brackets remaining as [].**

10.1 A confidential version and a public version have been provided.

10.2 In the confidential version of the application, confidential information is contained in square brackets and highlighted (including information that is confidential as between the parties as designated).

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DECLARATION

DECLARATION

I, Mark A. Weiss, have prepared, or supervised the preparation, of this notice seeking clearance.

To the best of my knowledge, I confirm that:

- all the information specified by the Commission has been supplied;
- if the information has not been supplied, reasons have been included as to why the information has not been supplied;
- all information known to me that is relevant to the consideration of this notice has been supplied; and
- all information supplied is correct as at the date of this notice.

I undertake to advise the Commission immediately of any material change in circumstances relating to the notice.

I understand that it is an offence under the Commerce Act to attempt to deceive or knowingly mislead the Commission in respect of any matter before the Commission, including in these documents.

I am a director/officer of the company and am duly authorised to submit this notice.

Mark A. Weiss, VP, Assistant General Counsel, Staples Inc

Date: _____

CONFIDENTIAL APPENDIX ONE

Staples corporate structure

Figure 4 - Staples' corporate structure (as relevant to New Zealand)

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CONFIDENTIAL APPENDIX TWO

Office Depot corporate structure

Figure 5 - Office Depot's corporate structure (as relevant to New Zealand)

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APPENDIX THREE

STRUCTURE OF THE PROPOSED TRANSACTION

Figure 6 - The structure of the Proposed Transaction

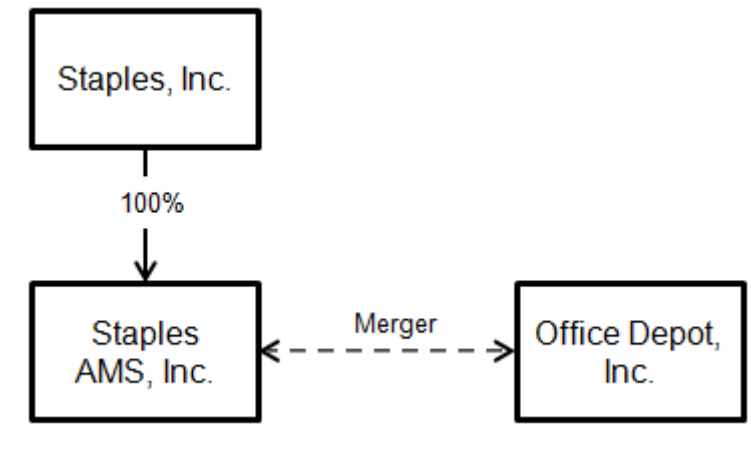
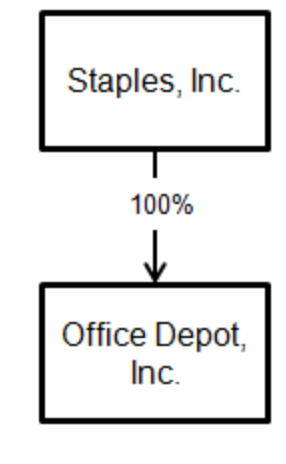


Figure 7 - The structure post-Transaction



CONFIDENTIAL APPENDIX FOUR

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APPENDIX FIVE

Contact details for OfficeMax NZ competitors referred to in the application

(NB: There are also many other competitors in the industry that have not been listed below.)

| Name | Contact Details |
|--|---|
| <p>Acer</p>  | <p>C/- Anderson Lloyd Level 2 Te Ahi, 13 Camp Street Queenstown 9300 T: 0800 994 466 http://www.acer.co.nz/ac/en/NZ/content/home</p> |
| <p>Advanced Computers</p>  | <p><u>North Shore Branch</u> 6B Link Drive Wairau Park, Auckland T: 09 444 8823 F: 09 444 8873 karen@advancedcomputers.co.nz http://www.advancedcomputers.co.nz/</p> |
| <p>AlSCO</p>  | <p>57 Market Road, Remuera Auckland T: 0800 4 ALSCO http://www.alsco.co.nz/</p> |
| <p>Aspect Furniture</p>  | <p>30 Laughton Street, Washdyke 7941 Timaru T: 03 6874 658 info@aspectfurniture.com http://www.aspectfurniture.com/</p> |
| <p>Attwoods</p>  | <p>PO Box 204207 Highbrook, Auckland 2161 T: 09 379 4125 F: 09 377 7589 sales@attwoods.co.nz http://www.attwoods.co.nz/</p> |
| <p>Bay Trade Supplies</p>  | <p>21 Banks Street, Gisborne T: 06 867 9550 admin@baytrade.co.nz http://www.baytrade.co.nz/</p> |

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| <p>Beverage Services</p>  | <p>PO Box 76271 Manukau 2241 T: 09 250 1418 enquire@beverageservices.co.nz http://www.beverageservices.co.nz/</p> |
| <p>BlueStar</p>  | <p>PO Box 100616 North Shore Mail Centre 0745 T: 09 477 0400 greg.howell@bluestargroup.co.nz http://www.bluestargroup.co.nz/index.shtml</p> |
| <p>BOC</p>  | <p>988 Great South Road Penrose, Auckland T: 0800 111 333 F: 0800 229 923 http://www.boc-limited.co.nz/en/index.html</p> |
| <p>Bourneville Furniture Group</p>  | <p>PO Box 13-323 Onehunga T: 09 634 3822 F: 09 634 6214 http://www.bourneville.co.nz/Default.aspx</p> |
| <p>Bunzl (Nelson Packaging)</p>  | <p>10 Merton Place, Tahunanui, Nelson T: (03) 548 5459 F: (03) 548 5469 service@nelpack.co.nz http://www.nelpack.co.nz/</p> |
| <p>Cafe Direct</p>  | <p>3/16 Timothy Place Avondale Auckland T: 0800 836 346 F: 0800 265 332 http://www.cafedirect.co.nz/</p> |
| <p>Cafe Express</p>  | <p>43 Crooks Road East Tamaki Auckland 2013 T: 0800 223 339 orders@cafeexpress.co.nz http://www.cafeexpress.co.nz/default.aspx</p> |
| <p>Cannon Consumables</p>  | <p>26 Virginia Ave East Auckland T: 09 377 5317 enquiries@ocs.co.nz http://www.cannonconsumables.co.nz/</p> |








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| <p>Commercial Office Equipment</p>  <p>COMMERCIAL OFFICE EQUIPMENT LTD FOR THE COMPLETE SERVICE</p> | <p>745 Great South Road Otahuhu T: 09 276 0925 F: 09 276 0896 comoffequip@xtra.co.nz http://www.commercialoffice.co.nz/index.html</p> |
| <p>Corporate Consumables</p>  | <p><u>Auckland store</u> PO Box 112-089 Penrose T: 0800 502 251 www.corpcons.co.nz</p> |
| <p>Cottonsoft B2B</p>  <p>your partner in paper solutions</p> | <p>PO Box 204014 Manukau 2161 T: 0505 268 866 http://cottonsoft.co.nz/index.html</p> |
| <p>Craigs Design & Print Ltd</p>  <p>www.onlinestationerysupplies.co.nz</p> | <p>122 Yarrow Street PO Box 99 Invercargill 9840 T: 64 3 211 0393 F: 64 3 214 9930 info@craigprint.co.nz http://www.craigprint.co.nz/</p> |
| <p>Creative Classrooms</p>  | <p>19 Prouse Street Levin 5510 T: 0800 257 422 F: 06 929 6620 info@creativeclassrooms.co.nz http://www.creativeclassrooms.co.nz/</p> |
| <p>Damen Office Furniture</p>  | <p><u>Auckland office</u> 12 Fisher Crescent Mt Wellington Auckland 1060 T: 09 276 9365 F: 09 270 6453 enquiry@damen.co.nz http://www.officefurniture.co.nz/</p> |
| <p>DataCom</p>  | <p>210 Federal Street Auckland CBD T: 09 303 1480 http://datacom.co.nz/</p> |
| <p>Dell</p>  | <p>C/- Simpson Grierson 88 Shortland Street Auckland 1010 http://www.dell.co.nz/</p> |









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| <p>Dick Smith</p>  | <p>17 Mayo Road, Wiri Manukau 2104 T: 09 279 1300 http://www.dicksmith.co.nz/</p> |
| <p>Direct Office Furniture</p>  | <p>75 Porana Road Glenfield, Auckland T: 09 476 6412 steve@directoffice.co.nz http://directoffice.co.nz/</p> |
| <p>East Coast Packaging</p>  | <p>PO Box 104, Hastings T: 06 878 4767 F: 06 876 3195 sales@eastcoastpackaging.co.nz http://www.eastcoastpackaging.co.nz/</p> |
| <p>Easy Ink</p>  | <p>PO Box 4414 Palmerston North T: 0800 893 797 http://www.easyink.co.nz/</p> |
| <p>Ecolab</p>  | <p>PO Box 10061 Te Rapa Hamilton 3241 T: 07 958 2333 F: 7 958 2361 http://www.ecolab.com/locations/asia-pacific/new-zealand</p> |
| <p>Education Essentials Ltd</p>  | <p>3/125 Kerrs Road Manukau City, Auckland (09) 267 2653 (09) 267 3827 team@educationalessentials.co.nz http://educationalessentials.co.nz/</p> |
| <p>Eeny Meeny</p>  | <p>PO Box 6197 Upper Riccarton Christchurch 8442 T: 0800 600 123 F: 0800 600 456 sales@eenymeeny.co.nz https://www.eenymeeny.co.nz/index.php</p> |

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| <p>Equip Safety</p>  | <p>P O Box 4641 Christchurch 8042 T: 0800 378 477 http://www.equipsafety.co.nz/index.html</p> |
| <p>Ergo Asia</p>  | <p>C/- Mcveagh Fleming Level 14, 1 Queen Street Auckland, 1140 T: +64 508 374 627 http://www.ergoasia.com/</p> |
| <p>Europlan</p>  | <p><u>Auckland office</u> 125 The Strand Parnell Auckland 1010 T: 0800 43 45 46 auckland@europlan.co.nz http://www.europlan.co.nz/</p> |
| <p>Every Educaid</p>  | <p>Every Educaid Ltd PO Box 6633 Upper Riccarton Christchurch 8442 T: 03 365 6675 F: 03 365 7774 info@everyed http://www.everyeducaid.co.nz/ ucaid.co.nz</p> |
| <p>Flamingo</p>  | <p>P.O. Box 8667 Symonds St Newton Auckland T: 09 309 0706 http://flamingo.co.nz/</p> |
| <p>Foodstuffs</p>  | <p>PO Box 5401 Wellington T: 04 472 6435 F: 04 472 6412 http://www.foodstuffs.co.nz/</p> |
| <p>Fuj Xerox</p>  | <p>PO Box 5948 Wellesley Street Auckland 1141 T: 09 377 3834 F: 09 356 4444 E: contactcentre@nzl.fujixerox.com www.fujixerox.co.nz</p> |

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| <p>Fujitsu</p>  | <p>Level 12, Fujitsu Tower 141 The Terrace Wellington T: 04 495 0700 F: 04 495 0730 http://www.fujitsu.com/nz/</p> |
| <p>Furnware</p>  | <p>PO Box 1 Hastings T: 06 879 9170 F: 06 879 9061 darren@furnware.co.nz http://furnware.co.nz/</p> |
| <p>Gough TWL</p>  | <p>24-26 Amyes Road, Christchurch T: 0508 677 704 http://goughctl.co.nz/</p> |
| <p>Hardy Packaging</p>  | <p>73 Molesworth Street, New Plymouth, Taranaki, New Zealand T: 0800 22 5656 P: 06 758 9036 sales@hardypackaging.co.nz http://www.hardypackaging.co.nz/</p> |
| <p>Harvey Norman</p>  | <p>Private Bag 94035 South Auckland Mail Centre, Wiri Auckland 2240 T: 0800 464 278 http://www.harveynorman.co.nz/</p> |
| <p>HP</p>  | <p>C/- Bell Gully Level 22, 48 Shortland Street Auckland 1010 http://www8.hp.com/nz/en/home.html</p> |
| <p>Hurdleys Office Furniture</p>  | <p>2 Gillies Avenue , Newmarket T: 09 522 2090 http://www.hurdleysofficefurniture.co.nz/</p> |
| <p>Hygiene House</p>  | <p>38 Greenmount Drive East Tamaki Auckland 2013 T: 0508 494 436 F: 09 273 1225 http://www.hygienehouse.co.nz/#/content/?Id=62</p> |









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| <p>Innoway Cleaning Supplies</p>  | <p>Unit 3, 28 Porana Road Wairau Valley Auckland 0627 T: 09 480 6588 info@innoway.co.nz http://innoway.co.nz/</p> |
| <p>JB Hi-Fi</p>  | <p>12/1 Wagener Place St Lukes, Mt Albert http://www.jbhifi.co.nz/</p> |
| <p>Just Laptops</p>  | <p>220 Marua Road Ellerslie, Auckland T: 09 520 0000 http://www.justlaptops.net.nz/</p> |
| <p>Lenovo</p>  | <p>Level 6 Datacraft House 99-105 Customhouse Quay, Wellington, 6146 T: 0900 446 833 http://www.lenovo.com/nz/en/</p> |
| <p>Lexel</p>  | <p>Private Bag 302 902 North Harbour, Auckland 0751 T: 09 4141 777 F: 09 4141 778 http://www.lexel.co.nz/default.asp</p> |
| <p>Lexmark</p>  | <p>Locked Bag 2345 North Ryde BC NSW 1670 Australia T: 0800 389 300 http://www.lexmark.com/en_nz.html</p> |
| <p>LookAt</p>  | <p>C/- Elevate CA Level 4, 35 Robert Street Whangarei mailus@lookat.co.nz http://lookat.co.nz/</p> |









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| <p>MC2 Ltd</p>  | <p>P O Box 44 057 Pt Chevalier Auckland 1246 T: 09 820 2251 maria@mc2.co.nz http://www.mc2.co.nz/</p> |
| <p>McGreals</p>  | <p>369 Khyber Pass Road Newmarket Auckland 1023 T: 09 307 5290 F: 09 307 5291 sales@mcgreals.co.nz http://www.mcgreals.co.nz/default.aspx</p> |
| <p>MJ Shardlow & Co Ltd</p>  | <p>20 Saxon Street Phillipstown Christchurch 8011 T: 03 3893014 F: 03 389 0108 http://www.shardlow.co.nz/</p> |
| <p>Modern Office</p>  | <p>PO Box 13399 Tauranga 3141 T: 07 927 7461 F: 07 927 7462 http://www.modernoffice.co.nz/1_home</p> |
| <p>Modern Teaching Aids</p>  | <p>PO Box 912001 Victoria Street West, Auckland 1142 T: 0800 808 044 F: 0800 682 329 sales@teaching.co.nz http://www.teaching.co.nz/home</p> |
| <p>New Vision Office Products Ltd</p>  | <p>13J Saleyards Road, Otahuhu Auckland 1062 T: 09 525 1340 F: 09 276 1157 info@newvisionofficeproducts.co.nz http://www.newvisionofficeproducts.co.nz/</p> |
| <p>New Zealand Office Supplies</p>  | <p>Unit H, 57 McLaughlins Road Wiri Auckland T: 0800 696 334 www.supplies.co.nz</p> |
| <p>Noel Leeming</p>  | <p>PO Box 91146 Auckland T: 0800 44 44 88 https://www.noelleeming.co.nz/shop/</p> |



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| <p>Office Furniture 2U</p>  | <p>29 Webb St, Wellington T: 0800 633 228 http://www.officefurniture2u.co.nz/</p> |
| <p>Office Products Depot</p>  | <p>8 Greydene Place Takapuna Auckland 0622 T: 0900 633 423 www.opd.co.nz</p> |
| <p>Office Products Online</p>  | <p>T: 0800 535 0290 F: 07 347 0793 www.officeproductsonline.co.nz</p> |
| <p>Otago Packaging Supplies Ltd</p>  | <p>301 Hillside Road South Dunedin, Otago T: 03 455 5206 F: 03 455 5250 info@otagopackaging.co.nz http://www.otagopackaging.co.nz/</p> |
| <p>Pacific Hygiene</p>  | <p>PO Box 305-503 Triton Plaza North Shore 0757 T: 09 477 5700 F: 09 476 3602 http://pacifichygiene.com/home.html</p> |
| <p>Packaging House</p>  | <p>91 Kerrs Road Wiri Auckland T: 09 263 1100 F: 09 263 1101 http://www.packaginghouse.co.nz/</p> |
| <p>Packaging Products</p>  | <p>PO Box 30 636 Lower Hutt, Wellington T: 0508 334 466 F: 04 566 5168 sales@packprod.co.nz http://www.packagingproducts.co.nz/</p> |
| <p>Panasonic</p>  | <p>Private Bag 14911 Panmure, Auckland 1741 T: 09 272 0178 http://www.panasonic.com/nz/</p> |

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| <p>Paper Plus Office</p>  | <p>PO Box 97 063 Manukau City Auckland 2241 T: 0800 7272768 F: 09 262 2768 www.paperplus.co.nz</p> |
| <p>PaperInx (Spicers)</p>  | <p>55 Business Parade North Highbrook, East Tamaki Auckland T: 09 925 3000 F: 09 925 3004 http://www.spicersnz.co.nz/</p> |
| <p>Premier Business Print</p>  | <p>PO Box 51015, Auckland T: 09 274 2299 F: 09 274 2290 info@premier.co.nz http://www.premier.co.nz/default.asp</p> |
| <p>Primepac</p>  | <p>T: 0800 277 772 F: 0900 622 226 sales@primepac.co.nz http://www.primepac.co.nz/</p> |
| <p>Print Management</p>  | <p>PO Box 58787 Botany Auckland 2163 T: 09 274 3957 F: 09 250 4764 info@print-management.co.nz http://www.print-management.co.nz/</p> |
| <p>Proclaim</p>  | <p>PO Box 305-004 Triton Plaza Auckland 0757 T: 09 415 9666 F: 09 415 9667 info@proclaim.co.nz http://www.proclaim.co.nz/</p> |
| <p>Progressive Enterprises</p>  | <p>Private Bag 93306, Otahuhu, Manukau T: 09 275 2788 http://www.progressive.co.nz/</p> |
| <p>Real IT</p>  | <p>PO Box 151004 New Lynn, Auckland T: 0800 89 7325 F: 09 282 3302 http://www.realit.co.nz/?view=featured</p> |

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| <p>Rentokil Initial</p>  | <p>Level 1, 89 Carbine Road Mount Wellington Auckland, 1060 T: 0800 11 11 88 http://www.initial.co.nz/index.html</p> |
| <p>SAS IT</p>  | <p>PO Box 17-268, Greenlane, Auckland 1546 T: 09 525 7353 http://www.sasit.co.nz/sasit-home</p> |
| <p>Scholastic (t/a School Essentials)</p>  | <p>Private Bag 94407 Botany Auckland 2163 T: 09 274 8112 F: 09 274 8115 enquiries@scholastic.co.nz http://www.scholastic.co.nz/</p> |
| <p>Sharp</p>  | <p>59 Hugo Johnston Drive Penrose, Auckland T: 0800 501 201 http://www.sharp.net.nz/</p> |
| <p>Smart Office Furniture</p>  | <p>3 Mcgregor Place Paraparaumu, 5032 T: 0800 376 373 admin@smartofficefurniture.co.nz http://www.smartofficefurniture.co.nz/index.php?route=common/home</p> |
| <p>Snell Packaging and Safety</p>  | <p>PO Box 12-215 Penrose 1642 Auckland T: 09 622 4144 F: 09 622 4146 sales@snell.co.nz http://www.snell.co.nz/index.aspx</p> |
| <p>Soft Source</p>  | <p>Building F, 42 Tawa Drive Albany, Auckland 0632 T: 09 918 3911 F: 09 918 3714 http://www.softsource.co.nz/</p> |






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| <p>Spark Digital</p>  | <p>167 Victoria Street West Auckland T: 0800 694 364 http://www.sparkdigital.co.nz/#</p> |
| <p>Spicers / Canterbury Packaging Supplies</p>  | <p>Private Bag 93301 Otahuhu Auckland, 1640 T: 09 925 3099 sales@cpsonline.co.nz http://www.cpsonline.co.nz/store/home.asp</p> |
| <p>Star Business Print</p>  | <p>PO Box 101 464 North Shore Mail Centre 0745 T: 09 415 6820 F: 09 415 6824 http://www.starprint.co.nz/</p> |
| <p>Stationery City</p>  | <p>PO Box 316006 Wairau Valley Post Centre North Shore Auckland 0760 T: 09 443 5550 F: 09 443 5588 www.discountstationers.co.nz</p> |
| <p>Stationery Online (Sprint Office Products Ltd)</p>  | <p>5 Adonis Place Half Moon Bay Bucklands Beach Auckland 2012 T: 027 681 3003 www.stationeryonline.co.nz</p> |
| <p>Stationery World Direct</p>  | <p>PO Box 301512 Albany Auckland 0752 T: 09 414 4238 www.swd.co.nz</p> |
| <p>The Service Company</p>  | <p>PO Box 68015 Newton, Auckland T: 0800 753 753 http://www.theservice.co.nz/TSCL.ASP</p> |

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| <p>The Warehouse Group</p>  | <p>Level 8 120 Albert Street Auckland http://twg.co.nz/</p> |
| <p>Toner Direct</p>  | <p>PO Box 300-565 Albany Auckland 0752 T: 0800 855 966 http://www.tonerdirect.co.nz/</p> |
| <p>Toner Express</p>  | <p>P.O. Box 303-313, North Harbour, Auckland 0751 T: 0800 008 005 or (09) 448 5404 F: 09 448 5021 info@tonerexpress.co.nz http://tonerexpress.co.nz/</p> |
| <p>Toshiba</p>  | <p>Level 1, Building 2, Transpower House 666 Great South Road Penrose, Auckland http://www.toshiba.co.nz/</p> |
| <p>Trio Group</p>  | <p>21 Business Parade North Highbrook, Auckland T: 09 526 2333 F: 09 526 2330 http://www.trio.co.nz/</p> |
| <p>Vidak</p>  | <p>PO Box 58820 Botany, Auckland 2163 T: 09 273 0033 F: 09 273 0032 sales@vidak.co.nz http://www.vidak.co.nz/</p> |
| <p>Vision Commercial Furniture</p>  | <p>PO Box 5305 Mt Maunganui T: 0800 575 3309 F: 07 575 0618 http://www.visionofficefurniture.co.nz/</p> |

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| <p>Waiwhetu Distributors</p>  | <p><u>Wellington Office</u> PO Box 38-125 Wellington Mail Centre 5045 T: 04 568 8262 F: 04 566 3072 wgtnsales@waiwhetu.co.nz http://www.waiwhetu.co.nz/index.php</p> |
| <p>Warehouse Stationery</p>  | <p>PO Box 101-248 North Shore Mail Centre Auckland 0745 T: 0800 222 246 F: 0800 329 100 www.warehousestationery.co.nz</p> |
| <p>Wesfarmers Industrial and Safety NZ</p> <p>(t/a Safety Source, NZ Safety, Blackwoods Protector)</p>  | <p>401 Great South Road Penrose Auckland T: 09 526 6720 F: 09 526 6755 http://www.wisnz.co.nz/</p> |
| <p>Whitcoulls Business</p>  | <p>Private Bag 92098 Auckland Mail Centre Victoria St West Auckland 1142 T: 0900 904 584 www.whitcoulls.co.nz</p> |
| <p>Wickliffe</p>  | <p>Private Bag 92081 Auckland 1060 T: 09 571 1901 F: 09 571 1987 http://www.wickliffe.co.nz/</p> |

APPENDIX SIX**Contact details for Croxley competitors referred to in the application**

| Name | Contact Details |
|---|--|
| Candida Stationery  | PO Box 31 147, Milford Auckland 0741 T: 09 477 4064 F: 09 477 6129 sales@candida.co.nz http://www.candida.co.nz/ |
| Pelikan Artline  | 51 Business Parade South Highbrook Business Park East Tamaki, Auckland 2013 T: 09 633 2288 F: 09 636 7272 http://www.pelikanartline.co.nz/ |
| Acco  | PO Box 13342 Wellington 6440 T: 0800 246 3377 F: 0800 222 669 http://www.acco.co.nz/ |
| Ingram Micro  | Private Bag 102-921 North Shore Mail Centre T: 0800 46 47 26 F: 09 414 0101 https://nz.ingrammicro.com/ |
| Acme  | PO Box 605 Hastings 4156 T: 06 877 8159 F: 06 877 7252 sales@acme.co.nz http://www.acme.co.nz/ |
| BIC  | 25 Normanby Rd, Mt Eden australia.info@bicworld.com http://au.bicworld.com/ |
| Staedtler NZ Ltd  | PO Box 100640 North Shore Mail Centre Auckland T: 09 444 4090 F: 09 444 5250 http://www.staedtler.co.nz/en/ |
| AW Faber-Castell (NZ) Ltd  | PO Box 58574 Botany 2163 T: 09 274 9155 F: 09 274 7994 http://www.faber-castell.co.nz/ |

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| <p>3M New Zealand Ltd</p>  | <p>94 Apollo Drive Rosedale, Albany North Shore City 0632 T: 09 477 4040 F: 09 477 6692 http://solutions.3mnz.co.nz/</p> |
| <p>Newell Rubbermaid</p>  | <p>3 Glenlake Parkway Atlanta, GA 30328 (770) 418-7000 http://www.newellrubbermaid.com/</p> |
| <p>Henkel New Zealand Ltd</p>  | <p>PO Box 58493, Botany, Auckland 2163 T: 09 825 0171 F: 09 825 0171 sellotape.sales@henkel.com http://www.sellotape.co.nz/</p> |
| <p>Dynamic Supplies Pty Ltd</p>  | <p>PO Box 22851 Otahuhu Auckland 1640 T: 09 259 0988 F: 09 276 0788 http://ds.co.nz/index.php</p> |
| <p>Clever Kiwi Company Ltd</p>  | <p>Apt Gc, 8 Sidmouth Street Mairangi Bay, Auckland 0630 T: 09 473 6514 F: 09 473 0197 http://www.cleverkiwi.co.nz/index.htm</p> |
| <p>K Kurtovich Products Ltd</p>  | <p>PO Box 29019 Greenwoods Cnr Epsom, Auckland T: 09 634 2370 F: 09 634 2380 kevin@kkprod.co.nz http://kurtovich.com/</p> |
| <p>Rapid Labels Ltd</p>  | <p>PO Box 100-455 North Shore Mail Centre 0745 Auckland Phone: 09 4141700 Fax: 09 4141701 http://www.rapidlabels.co.nz/</p> |

APPENDIX SEVEN

Contact details of relevant trade/industry associations

| Staples NZ trade/industry associations | |
|---|---|
| Name | Contact Details |
| Employers and Manufacturers Association | Private Bag 92066 Victoria Street West Auckland 1142 T: 09 367 0916 https://www.ema.co.nz/Pages/Home.aspx |
| Building Services Contractors of New Zealand Inc | PO Box 31-067, Lower Hutt 5040 T: 04 589 0253 F: 04 589 0252 ceo@bsc.org.nz http://www.bsc.org.nz/about-us/ |

| OfficeMax NZ trade/industry associations | |
|---|--|
| Name | Contact Details |
| Employers and Manufacturers Association | Private Bag 92066 Victoria Street West Auckland 1142 T: 09 367 0916 https://www.ema.co.nz/Pages/Home.aspx |
| Building Services Contractors of New Zealand Inc | PO Box 31-067, Lower Hutt 5040 T: 04 589 0253 F: 04 589 0252 ceo@bsc.org.nz http://www.bsc.org.nz/about-us/ |
| New Zealand Chambers of Commerce | <u>Auckland Chamber of Commerce</u> PO Box 47 Auckland 1140 T: 09 309 6100 F: 09 309 0081 info@akl.chamber.co.nz http://www.newzealandchambers.co.nz/ |
| American Chamber of Commerce in New Zealand Inc | P O Box 106 002 Auckland Central Auckland, 1143 New Zealand T: 09 309 9140 F: 09 309 1090 amcham@amcham.co.nz http://www.amcham.co.nz/ |

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|--|---|
| <p>The Packaging Council of New Zealand Inc</p> | <p>PO Box 58899, Botany Auckland 2163 T: 09 271 4044 F: 09 271 4041 http://www.packaging.org.nz/</p> |
| <p>The Sustainability Council of New Zealand</p> | <p>PO Box 24304 Wellington T: 04 9133655 council@sustainabilitynz.org http://www.sustainabilitynz.org/</p> |
| <p>The Equal Employment Opportunities (EEO) Trust</p> | <p>PO Box 12929, Penrose Auckland 1642 T: 09 525 3023 F: 09 525 7076 http://www.eeotrust.org.nz/about/index.cfm</p> |

| <p>Croxley trade/industry associations</p> | |
|--|---|
| <p>Name</p> | <p>Contact Details</p> |
| <p>Office Products Suppliers' Association</p> | <p>T: 09 480 1235 http://opsa.co.nz/</p> |

CONFIDENTIAL APPENDIX EIGHT

STAPLES NZ'S LARGEST CUSTOMERS

Figure 8 - Staples NZ's top five customers in 2014

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Figure 9 - Staples NZ's top customers by product segment in 2014

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STAPLES NZ'S LARGEST SUPPLIERS

Figure 10 - Staples NZ's largest suppliers in 2014

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CONFIDENTIAL APPENDIX NINE

OFFICEMAX NZ'S LARGEST CUSTOMERS

Figure 11 - OfficeMax NZ's top five customers in 2014

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Figure 12 - OfficeMax NZ's top customers by product segment in 2014

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OFFICEMAX NZ'S LARGEST SUPPLIERS

Figure 13 - OfficeMax NZ's largest suppliers in 2014

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CONFIDENTIAL APPENDIX TEN

CROXLEY'S LARGEST CUSTOMERS

Figure 14 - Sales to Croxley's largest customers

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CROXLEY'S LARGEST CUSTOMERS BY PRODUCT TYPE

Figure 15 - Croxley's largest customers by product type

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CONFIDENTIAL APPENDIX ELEVEN

Contact details for key Staples customers

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CONFIDENTIAL APPENDIX TWELVE

Contact details for key OfficeMax customers

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CONFIDENTIAL APPENDIX THIRTEEN

Contact details for key Croxley customers

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APPENDIX FOURTEEN

EXAMPLE OF PROGRESSIVE ENTERPRISES LTD'S MARKETING TO BUSINESSES

countdown.co.nz

Save your business time and money in 2015

Hi

From the stationery cupboard to the morning coffee, Countdown's online shopping has you covered, delivering everything you need right to your business' door!

And now save your business even more with a **HALF PRICE Delivery Pass**.

Purchase a 6 month Delivery Pass for \$59 and get 20 deliveries for as little as \$2.95 each - that's a saving of \$6-\$12 per delivery! Or for just \$34.50 get a 3 month delivery pass - that's 10 deliveries for just \$3.50 each.

Don't miss out - visit countdown.co.nz right now to **pick up a half price Delivery Pass until midnight 30 January 2015!**

The lower delivery fees are available in our full service areas (excluding Great Barrier and Chatham Islands).
If you have any questions, please call our friendly Customer Care team on 0800 40 40 40.

Buy now

Kind regards

The team at Countdown Online Shopping

APPENDIX FIFTEEN

ESTIMATED SHARE OF SALES FOR EACH PRODUCT SEGMENT

Source: OfficeMax estimates

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APPENDIX SIXTEEN

PRODUCTS DISTRIBUTED BY LISTED STATIONERY WHOLESALERS

Croxley

The products Croxley distributes in New Zealand include:

- (a) **Glue sticks**, as a distributor for the Amos brand;
- (b) **Labels**, a distributor of the Avery brand;
- (c) **Art supplies** (paper, brushes, art tools, canvases), as the owner of the Bockingford brand;
- (d) **Blu-tak**, as the distributor of the Bostik brand;
- (e) **Computer consumables**, as a distributor of the Brother, Canon, HP, Epson and Verbatim brands;
- (f) **Business machines**, as a distributor of the Fellowes brand;
- (g) **Writing instruments**, as a distributor of the Pilot and Uni brands;
- (h) **Paper**, as the owner of the Olympic brand and distributor of the Trophee brand;
- (i) **Paper clips / foldback clips**, a distributor of the Clippie brand;
- (j) **Fling/storage products**, as the owner of the Codafile and File Master brands;
- (k) **Diaries**, as the owner of the Collins brand;
- (l) **Stamps**, as a distributor of the Colop brand;
- (m) **Parcels and envelopes**, as the owner of the Croxley Mailing brand;
- (n) **Exercise books**, as the owner of the Warwick brand;
- (o) **Commercial books**, as a distributor of the Rediform brand; and
- (p) **Kitchen appliances**, as a distributor of the Philips brand.

Pelikan Artline Pty Ltd

The products Pelikan Artline distributes in New Zealand include:

- (a) **Pens, pencils and markers** as distributor of the Artline, Celco, Pentel, Maped, Stabilo, Texta, Quartet and Columbia brands;
- (b) **Binding/laminating machines and supplies**, as a distributor of the GBC, Jastek, Celco, and Leitz brands;
- (c) **Whiteboards and displays**, as a distributor of the Esselte, Quartet, Alba, Carven, Headline, Jastek, Metro, Beacon, Tuffy, Artline, GBC, Helix, Maped, Naga and Panasonic brands;

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- (d) **Paper and notebooks**, as a distributor of the Primrose, Spirax, Fabio Ricci, Easiform, Esselte, GBC and Goldfields brands;
- (e) **Document filing and presentation supplies**, as a distributor of the Esselte, Leitz, Pendaflex, Celco, Esselte, Flip File, Masonite, and Store & Go brands;
- (f) **Desk essentials** (including glues, tapes, pins, clips, staplers and punches), as a distributor of the Carl, Celco, Esselte, Helix, Maped, NT, Pentel, Velcro, X-Acto, Leitz, Metro, Jastek, Artline, Elmers, Crazy Glue, Open, PaperPro and Skrebra brands;
- (g) **Cash boxes**, as distributor of the Celco, Esselte, and Helix brands;
- (h) **Compendiums and luggage**, as a distributor of the Eselte, Jastek, Swissbags and Travelines brands;
- (i) **Craft and photography supplies**, as a distributor of the Carl, Carven, Coral Coast, Esselte, Photocraft and Xyron brands;
- (j) **General stationery** as a distributor of the Carl, Carven, Esselte, Great Wall, Jastek and Kevron brands;
- (k) **Guillotines, shredders and trimmers** as a distributor of the Carl, GBC, GoECOLife, Ideal, Jastek, and Maped brands;
- (l) **IT accessories**, as a distributor of the DAC brand;
- (m) **Labels**, as a distributor of the APLI, Esselte, and Quikstik brands;
- (n) **Office accessories** (including mats, chairs, lamps) as a distributor of the Alba, Floortex, Ideal and Jastek brands;
- (o) **Printing consumables**, as a distributor of the Fullmark, Jettec, Pelikan and TTR brands; and
- (p) **School products**, as a distributor of the Celco, Contact, Helix, Kent, Maped and Spirax brands.

ACCO New Zealand Ltd

The products ACCO distributes in New Zealand include:

- (a) **Writing products**, as a distributor of the Marbig brand;
- (b) **Desk accessories**, as a distributor of the Marbig, Velos and Rexel brands;
- (c) **Binding and laminating machines**, as a distributor of the Rexel brand;
- (d) **Chairmats**, as a distributor of the Marbig brand;
- (e) **Computer products**, as a distributor of the Kensington brand;
- (f) **Convention cards and name badges**, as a distributor of the Rexel brand;
- (g) **Ergonomic products**, as a distributor of the Marbig brand;
- (h) **Hole punches and staplers**, as a distributor of the Rexel and Marbig brands;

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- (i) **Filing/storage products**, as a distributor of the Eastlight, Marbig, ACCO and Rexel brands;
- (j) **Mailroom products**, as a distributor of the Marbig brand;
- (k) **Notebooks**, as a distributor of the Marbig and Eastlight brands;
- (l) **Planners**, as a distributor of the At-a-Glance brand;
- (m) **Security products**, as a distributor of the Rexel and Steelmaster brands;
- (n) **Shredders**, as a distributor of the Rexel and Marbig brands; and
- (o) **Whiteboards**, as a distributor of the Boone, Nobo and Marbig brands.

Bic (NZ) Ltd

The products Bic distributes in New Zealand include:

- (a) **Pens and pencils**, as owner of the Bic brand;
- (b) **Markers**, as owner of the Bic, Bic Stephens and Bic Kids brands;
- (c) **Correction products**, as owner of the Bic and Bic Wite-Out brands; and
- (d) **Letter trays** as owner of the Bic brand; and
- (e) **Glue and glue sticks** as owner of the Bic brand.

Acme Supplies Ltd

The products Acme distributes in New Zealand include:

- (a) **Adhesive products** as a distributor of the Ledah, Plus, and Rapid brands;
- (b) **Cash boxes and key cabinets** as a distributor of the Office Mate and SR brands;
- (c) **Diaries** as a distributor of the Cumberland brand;
- (d) **Filing and desk accessories** as a distributor of the Leitz brand;
- (e) **Labelling machines and consumables** as a distributor of the Leitz brand;
- (f) **Laminators and pouches** as a distributor of the Leitz brand;
- (g) **Mobile and tablet accessories** as a distributor of the Leitz brand;
- (h) **Notebooks** as a distributor of the Leitz brand;
- (i) **Paper folding machines** as a distributor of the Hefter, Ledah and Uchida brands;
- (j) **Projectors** as a distributor of the Hitachi and Acme brands;
- (k) **Punches** as a distributor of the Acme, Uno, Rapid, Leitz, Uchida and Maun brands;
- (l) **Scissors** as a distributor of the Acme, Dahle and Plus brands;

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- (m) **Shredders** as a distributor of the Dahle and Ledah brands;
- (n) **Stamp and ink products** as a distributor of the Trodat, Noris, Plus and Acme brands;
- (o) **Staplers** as a distributor of the Rapid, Leitz, Ledah, Plus and Acme brands; and
- (p) **Whiteboards** as a distributor of the Plus and Hitachi brands.

APPENDIX SEVENTEEN**GLOSSARY**

| | |
|---------------------------------|---|
| The Agreement | Agreement and Plan of Merger by and among Office Depot, Staples, and SAMS, dated as of 4 February 2015, pursuant to which SAMS, a wholly-owned subsidiary of Staples, will merge with and into Office Depot, with Office Depot surviving as a wholly-owned subsidiary of Staples. |
| AOG | All of Government |
| Armidale | Armidale Industries Limited |
| Attwoods | E.C. Attwood Ltd |
| B2B | Business-to-business |
| B2BE | Business-to-Business e-Solutions |
| Blue Star Group | Blue Star Group Ltd |
| BTS | Back-to-school: the sale of educational stationery requirements for use by primary/secondary school students at the start of the school year/term. |
| Cafe Express | Cafe Express (NZ) Ltd |
| Corporate Consumables | Corporate Consumables Ltd |
| COS | Complete Office Supplies Pty Ltd |
| CPS | Canterbury Packaging Ltd |
| Croxley | Croxley Stationery Ltd |
| DIA | Department of Internal Affairs |
| EDI | <i>Electronic data interchange systems</i> : also called electronic procurement tools, these interchange systems enable the linking of computer systems for the purposes of facilitating direct ordering and handling of billing and account management information. These systems enable customers to electronically place orders through their internal systems (eg intranet or enterprise software) to their workplace products supplier. |
| FTC | US Federal Trade Commission |
| MBIE | Ministry of Business Innovation and Employment |
| MPS | <i>Managed Print Services</i> : MPS is a bundled set of services to meet businesses' in-house printing requirements. The range of services typically includes the selection and acquisition of printing equipment, the servicing/maintenance of that equipment, automatic replenishment of toner, paper and other consumables, technical advice and analysis software. A key feature of MPS is that customers are charged at an agreed price per page, rather than for each good and service involved. MPS provides greater control over consumption and costs and allows businesses to effectively outsource their printing services. MPS initially emerged approximately five years ago and has grown strongly. |
| NZOS | New Zealand Office Supplies Ltd |
| OEM | Original Equipment Manufacturer |
| Office Depot | Office Depot, Inc. |
| OfficeMax NZ | OfficeMax New Zealand Ltd |
| OMHL | OfficeMax Holdings Ltd |
| OPD | Office Products Depot Ltd |
| PMA Solutions | Print Management Australia Holdings Pty Ltd |
| Primepac | Primepac Industrial Ltd |
| The Proposed Transaction | Staples acquiring all of the outstanding shares of Office Depot, implemented by SAMS, a wholly-owned subsidiary of Staples, merging with and into Office Depot, with Office Depot surviving as a wholly-owned subsidiary of Staples. |
| RFPs | Requests for proposals |
| RFQs | Requests for quotes |
| SAMS | Staples AMS Inc |
| Snell | Snell Packaging & Safety Ltd |
| SOEs | State Owned Enterprises |
| Staples | Staples, Inc. |
| Teacher Direct | Teacher Direct Ltd |
| The Warehouse Group | The Warehouse Group Ltd |
| Warehouse Stationery | Warehouse Stationery Ltd |
| WISNZ | Wesfarmers Industrial & Safety NZ Ltd |