

**Merger Inquiry Survey:
Bucher Industries AG and Johnston Sweepers Ltd.**

Summary Report

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On behalf of: Competition Commission

June 2005

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1. INTRODUCTION

1.1 Background

The Office of Fair Trading referred to the Competition Commission the acquisition by Bucher Industries AG of Johnston Sweepers Ltd. Bucher Industries AG and Johnston Sweepers Ltd are both major manufacturers of sweepers in Europe. The Competition Commission needs to establish whether the merger has resulted in, or may be expected to result in, a substantial lessening of competition.

As part of this investigation, the Competition Commission approached NOP World Business & Technology to carry out an independent research study amongst the customers of four sweeper suppliers.

This summary report details the research findings from the survey conducted during May 2005 by NOP World Business & Technology on behalf of the Competition Commission. The report covers the findings from both quantitative and qualitative stages of the study.

1.2 Survey Coverage

The survey coverage specified by the Competition Commission in consultation with NOP World included:

- Understanding customers' ownership and usage of sweepers.
- Understanding customers' purchasing decisions and their last purchase.
- Assessing the overall competitiveness of the market.
- Defining the tender/negotiation process and the importance of reducing the number of suppliers in the sweeper market.

The questionnaire (please refer to Appendix 1) was designed to measure usage, purchasing behaviour, price and sensitivity. Sweepers were grouped into 5 main types:

- Sub-compact i.e. less than 2m³ capacity and weighing less than 3.5 tonnes.
- Compact i.e. less than 2m³ capacity and weighing more than 3.5 tonnes.
- Mid-sized i.e. between 2-5m³ and weighing between 7.5-12 tonnes.
- Truck-mounted i.e. mounted on a donor chassis and weighing 7.5 tonnes and over.
- Specialist truck-mounted i.e. tailor made truck-mounted sweeper.

The qualitative stage of the research covered: the decision making process surrounding the purchase of sweepers, including the responsibilities held by those involved in decisions; a detailed review of the respondent's organisation; most recent sweeper purchase, the process involved and the competitiveness of bids received; and arrangements regarding the aftercare and servicing of sweepers (see Appendix 2).

1.3 Methodology

The agreed approach for the research was a combined method of quantitative and qualitative telephone interviews with organisations that purchase sweepers. The research was conducted in 2 stages. The quantitative stage consisted of 20-minute telephone interviews with purchasers of sweepers using a pre-defined set of questions. Respondents were then invited to take part in the second phase of the research, which was a follow-up qualitative telephone interview lasting between 25-45 minutes to explore in more detail some of the issues raised within the first stage of the research.

The interviews were conducted with the person within each organisation who was responsible for purchasing sweepers. In order to be eligible to take part in the research customers had to confirm that their organisation had purchased a sweeper in the last 3 years and that they did not purchase sweepers to sell on to other customers.

Prior to the interview all potential respondents received a letter from the Competition Commission (please refer to Appendix 3). The letter introduced the survey, advised recipients of the nature of the study and gave an indication of the type of questions that would be asked during the interview if they decided to take part. Recipients were also provided with contact details of team members involved with the project, who would be able to answer any queries regarding the research, at both the Competition Commission and NOP World. Some potential respondents took the opportunity to opt out of the survey by using these contact details.

Fieldwork for the first phase of the research was conducted between Thursday 12th May and Friday 20th May 2005. Fieldwork for the second phase of the research took place between Monday 17th May and Friday 27th May 2005.

1.4 Sample

For the purposes of the research the Competition Commission provided contact details of customers from 4 UK suppliers of sweepers. The results of the survey reflect the original customer lists, and our ability to contact individual customers within the sample provided. They should be interpreted in this light throughout the report.

After amalgamation of the 4 lists and the inclusion of additional potential sweeper customers, NOP World produced an original sample file of 382 companies. Of these, 100 went on to complete a full interview and 22 completed a more in-depth interview.

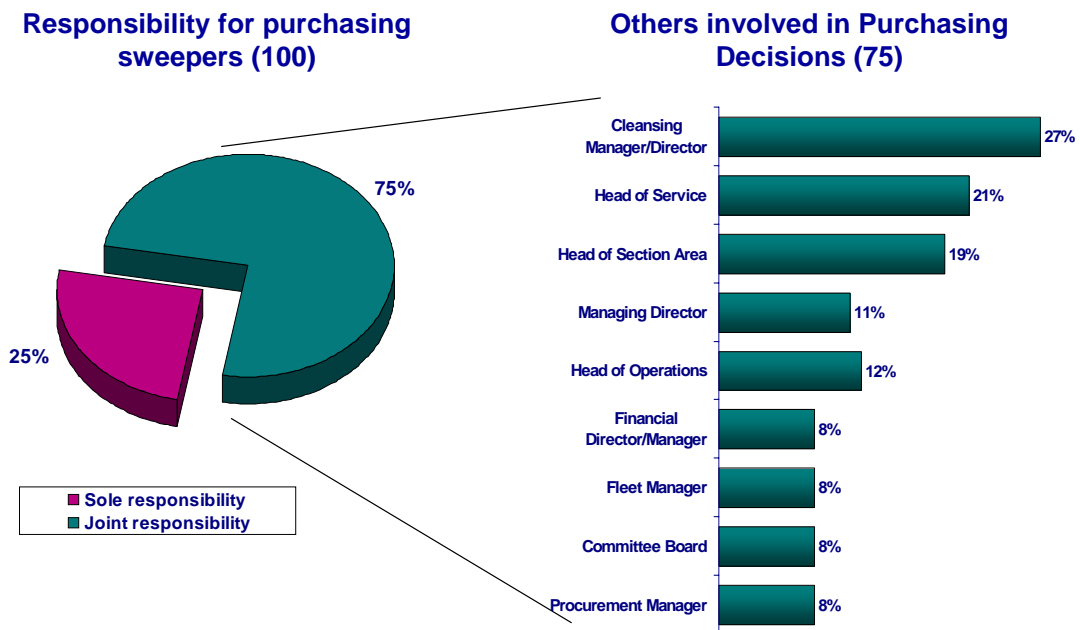
2. RESEARCH FINDINGS

2.1 Customer Profile

2.1.1 Responsibility for purchase of sweepers-S1 and Q3

In the quantitative research, it was found that three quarters of customers have joint responsibility for the purchase of sweepers (75%) and a quarter of respondents claimed that they had sole responsibility within their organisation. Of those who have joint responsibility, over a quarter said that they made the decision in conjunction with the Cleansing Manager/Director and one in five made the decision with the Head of Service or the Head of Section Area.

Chart 1: Responsibility for purchasing sweepers - S1 and Q3



In terms of decision making, the qualitative research provides insight into the areas of responsibility of the various people involved.

In the public sector, the Transport/Fleet Manager generally takes responsibility for sweeper specification, aftercare/servicing issues such as the availability of spares, the overall replacement programme including tendering process, and concerns relating to the cost and maintenance of the sweeper.

Operation Managers cover the operational specification of the sweeper: capacity, load, travelling speed, width, chassis requirements, air conditioning, etc. They are also involved in discussions relating to aftercare and overall budget.

Procurement managers tend to be involved in purchase discussions relating to sweeper performance costs including the whole life cost, depreciation value, servicing and aftercare.

Drivers and workshop staff are also mentioned as being involved in the decision making process, being consulted on sweeper functionality and user friendliness, general style of machine and features such as air conditioning, brushes, etc.

At a senior level, the Director of Services/Waste Manager will give the final approval and sign-off for the purchase.

Within the public sector, other influences on the purchase decision that are mentioned are team assessments (e.g. highways, street cleansing, ground maintenance), evaluations (e.g. best value reviews, driver evaluations), council policy, industry body (Freight Transport Association – Local Authority Network Group).

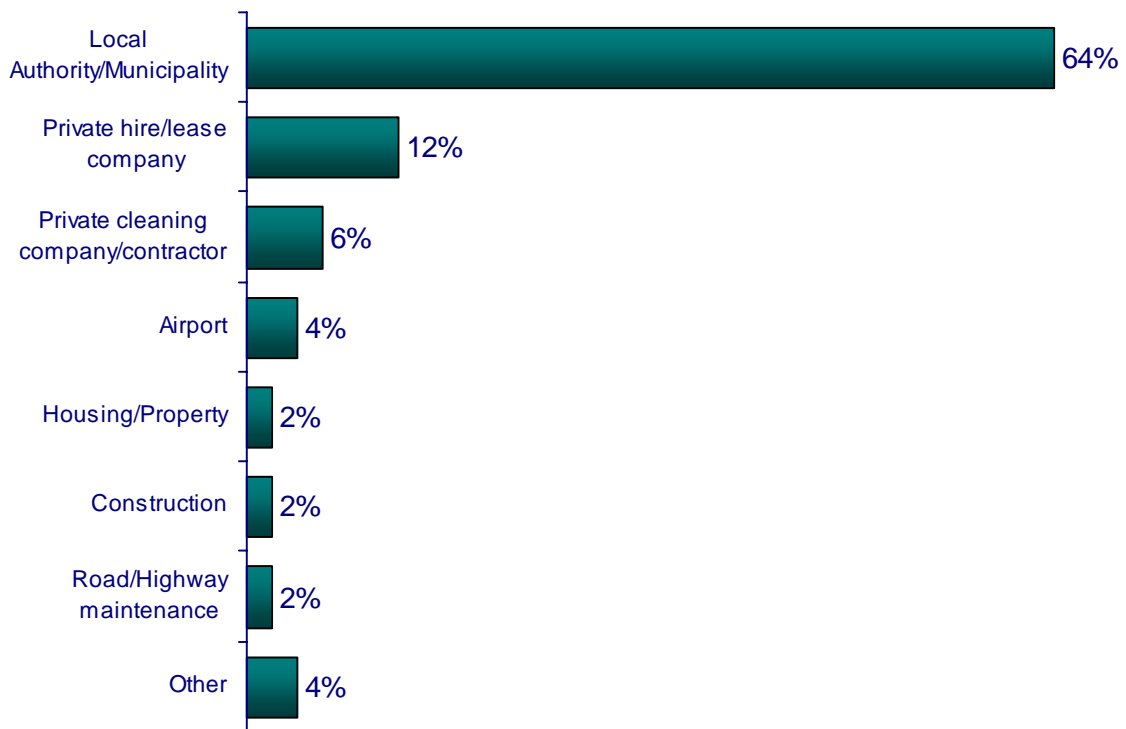
In the private sector, where the Managing Director was not the sole decision maker, it is reported that another senior person would be consulted, such as the Operations Director, Financial Director or another partner. When the sweeper was being purchased for a specific client, then the hirer is involved in the purchase decision.

The qualitative findings also indicate that where two or more people make decisions, decisions are made by general consensus.

2.1.2 Type of organisation responding

The majority of respondents work for a local authority/municipality (64%), followed by a private hire/leasing company (12%), private cleaning company/contractor (6%) or an airport (4%). The remaining types of organisations were mentioned by less than 2% of organisations.

Chart 2: Type of organisation responding - Q1



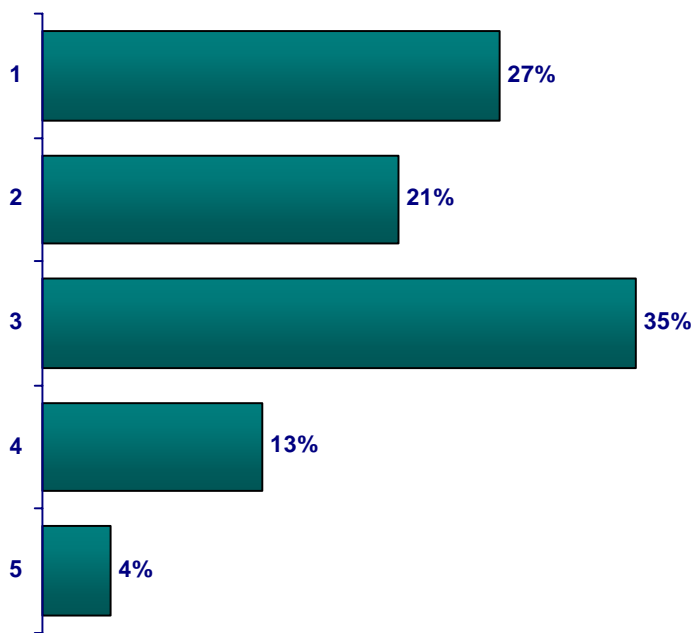
The qualitative sample comprised 17 public sector organisations and 5 private sector companies.

2.2 Current Ownership and Usage

2.2.1 Current ownership of sweeper types

The number of different types of sweepers owned by any given organisation is mixed, with just over a quarter of all organisations owning one type of sweeper and just over a third owning three different types of sweeper. This does tend to differ by the type of organisation, with 61% of local authorities/municipalities owning three or more types of sweeper compared to 39% amongst private organisations and almost half of private companies (46%) own only one type of sweeper.

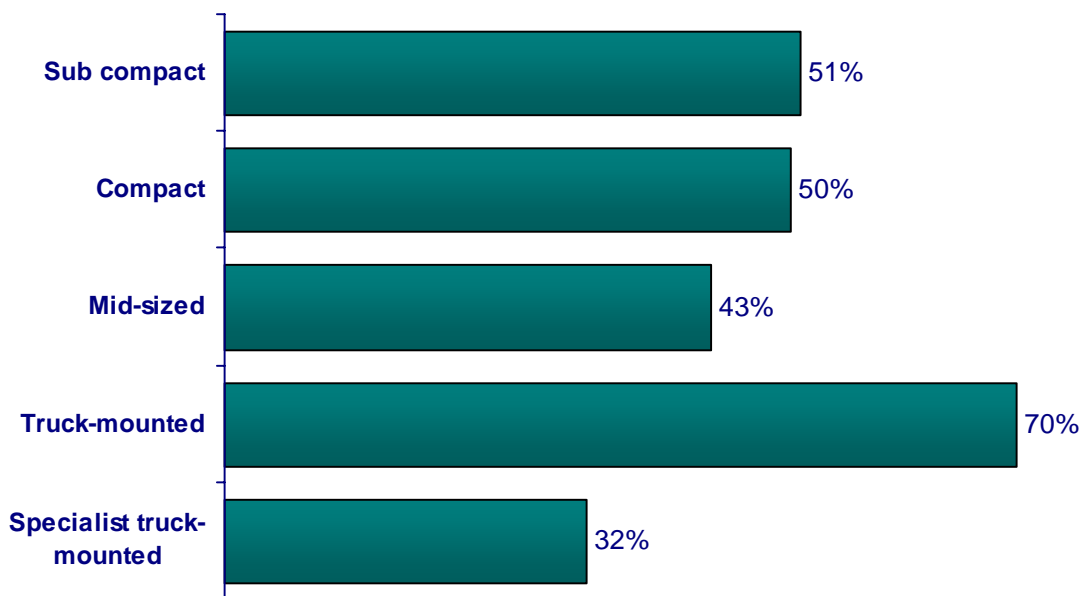
Chart 3: Number of different types of sweepers currently owned - Q5a



Base: All respondents (100)

Among our respondents, most organisations own truck-mounted sweepers (70%) and half of organisations own sub-compact and/or compact sweepers (51% and 50% respectively). Although fewer organisations own mid-sized and/or specialist truck-mounted sweepers, proportions are still relatively high at 43% and 32%.

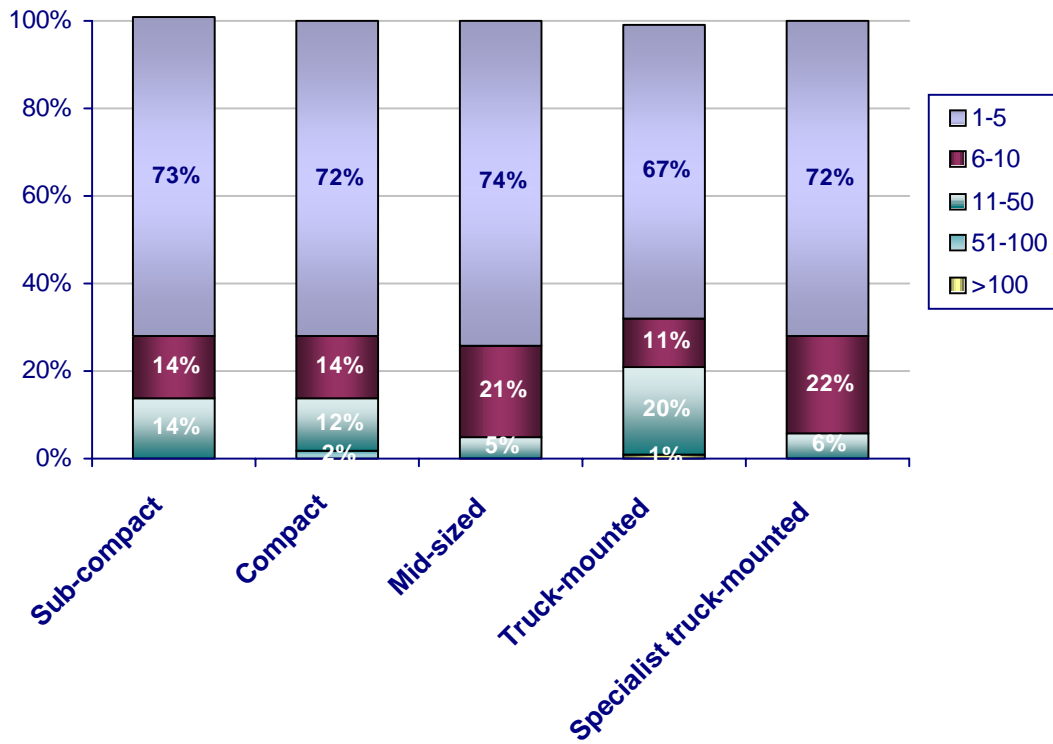
Chart 4: Type of sweepers currently owned - Q5a



Base: All respondents 100

In terms of the number of each of these sweepers owned approximately three quarters of organisations tend to own five or less of each type of sweeper. The exception is ownership of truck-mounted sweepers with two thirds of organisations owning less than five, and 21% owning 11 or more, which is higher than the numbers of other types of sweepers owned.

Chart 5: Number of each type of sweeper currently owned - Q5a

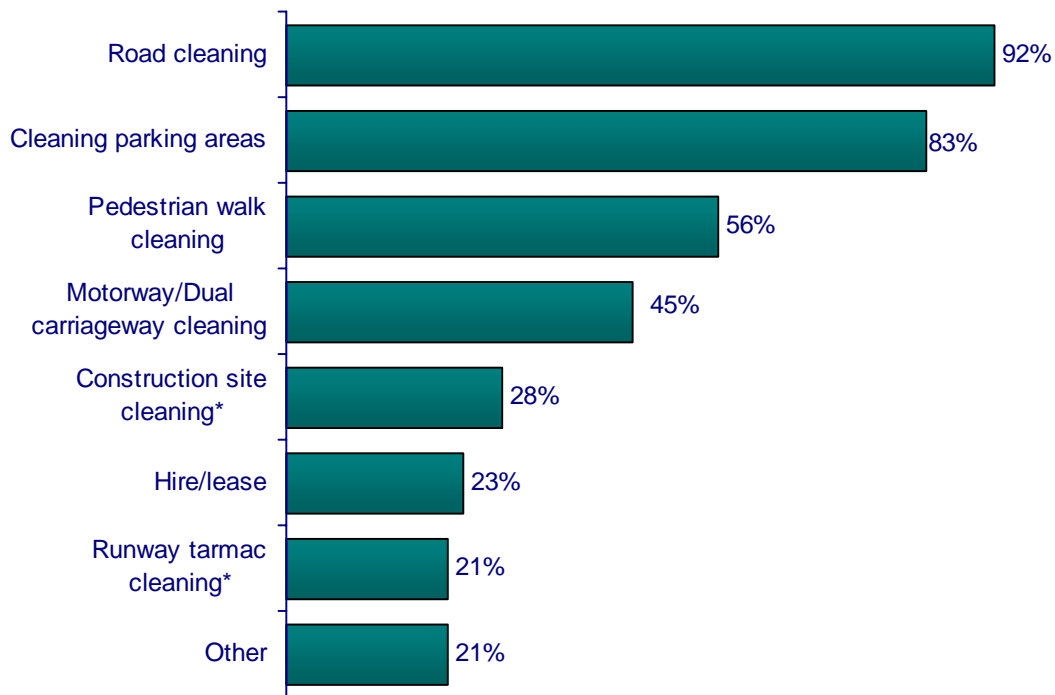


Base: All respondents (100)

2.2.2 Main end-uses of sweepers

Virtually all organisations indicated that one of the main end-uses of their sweepers is road cleaning (92%), followed by cleaning parking areas (83%). Almost three in five organisations use sweepers for pedestrian walk cleaning and just under half use sweepers for motorway/dual carriageway cleaning (45%).

Chart 6: Main end-use of sweepers - Q12



Base: All respondents (100)

*A sizeable number of non-airport respondents identified runway tarmac cleaning as a main end-use. Similarly a sizeable number of non-construction respondents identified construction site cleaning as a main end-use.

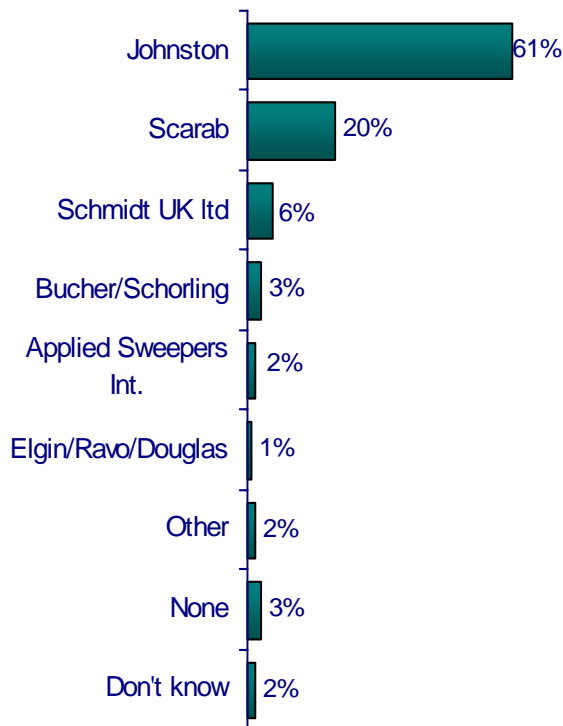
2.2.3 Manufacturers used by organisations

Virtually all organisations indicated that more than half of their sweepers were from one manufacturer (95%) and of these three fifths of organisations mentioned Johnston Sweepers Ltd as being their main manufacturer. This was followed to a lesser degree by Scarab (20%), Schmidt UK Ltd (6%) and Bucher/Schorling (3%).

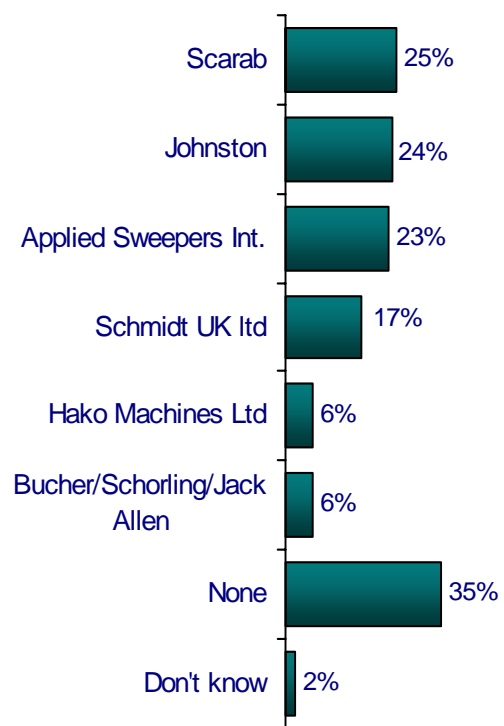
Organisations were then asked to name the other manufacturers represented within their sweeper fleet and four manufacturers in particular are prevalent, Scarab, Johnston Sweepers Ltd, and Applied Sweepers International were all mentioned by around a quarter of respondents (25%, 24% and 23% respectively), followed by Schmidt UK Ltd, which is used by almost one in five organisations (17%). As many as a third of organisations do not have any other manufacturers, apart from their main manufacturer, represented within their fleet of sweepers.

Chart 7: Manufacturers used - Q6,Q7 and Q8

7.1 Main manufacturers used



7.2 Other manufacturers used



Base: All respondents (100)

2.2.4 Servicing Sweepers

It is clear that often organisations use more than one type of service organisation and the qualitative research covers this in more depth. In terms of servicing their fleet of sweepers, the majority of organisations use their own servicing team (86%), one in five claim to use their manufacturer and 10% use an independent servicing company.

The qualitative research indicates that the overlap is due to a number of factors. Those who service sweepers in-house may use manufacturers to service machines still under warranty. They may also turn to a third party when they have a specialist need. Some use a mix of in-house service and independent servicing due to ownership of a variety of machines or because the machine's lease comes with a maintenance contract. For those that completely outsource their servicing, this may be with another local authority or to a local distributor/garage.

Respondents were asked how much choice there is for servicing, and the alternatives to manufacturer's after sales service. Most considered that there was sufficient choice. Those that service their own machines claim to have no desire for an alternative service option, and those who outsource perceive there to be a choice of service options. That said, a few consider that service options are limited as specialised knowledge is required to service sweepers thereby curtailing the number of service agents.

Respondents were questioned as to the importance of a manufacturer's after sales service, including spare parts, in their most recent purchase. They were specifically asked if these were deciding factors and the influence that a UK presence has on the decision. Whilst the majority of respondents thought that a UK after sales service was very important, three did not consider it to be, providing there is some form of back up service available.

“If you have someone who is European based, then if you have a problem you have nowhere to go.”

“It wouldn't matter having a UK base just so long that they give you the service back up.”

The availability of local spare parts appears to have a strong influence on perceptions. Several respondents mention the expense of carrying spare parts in stock and claim that local availability is vital in order to reduce downtime of equipment. There is general consensus of the need to have spare parts available next day/within 24 hours.

“We don't have the capacity to carry the spares so what we need to be able to do is pick a phone up and get them quickly.”

“It's one of the reasons I moved back to (supplier x) as I know the parts will be there if I need them.”

Also, it is claimed that in order to service warranties, manufacturers should be in a position to have an engineer on site next day if necessary. One respondent mentioned that within the remit of after sales service the training offered for mechanics is also important.

A further question related to servicing was asked of respondents in the qualitative survey. They were asked that given the way they had arranged their servicing, would it be easy or difficult to buy a sweeper built by a manufacturer not in their current fleet? The majority view was that the ease of servicing a new machine is highly dependent on the training offered by the manufacturer. Even when this is available, several thought that servicing another manufacturer's machine would not be easy. Reasons given for their concerns are:

- The servicing of any new machine involves a learning curve, regardless of manufacturer.
- An untried and unknown product is a cause for concern.
- The equipment is increasingly dependent on new technology and computerised systems that require highly specialised expertise and knowledge.

“It seems that just as we get a grip on a sweeper, we sell it and get a new model in, then it's three years to get used to that one again.”

A few respondents with in-house teams believe they could adapt without too many problems, the reasons being:

- They are confident that they have fully qualified engineers who can cope with new equipment.

- Parts for different machines are all very similar.
- Sweepers keep on changing so mechanics are used to change.

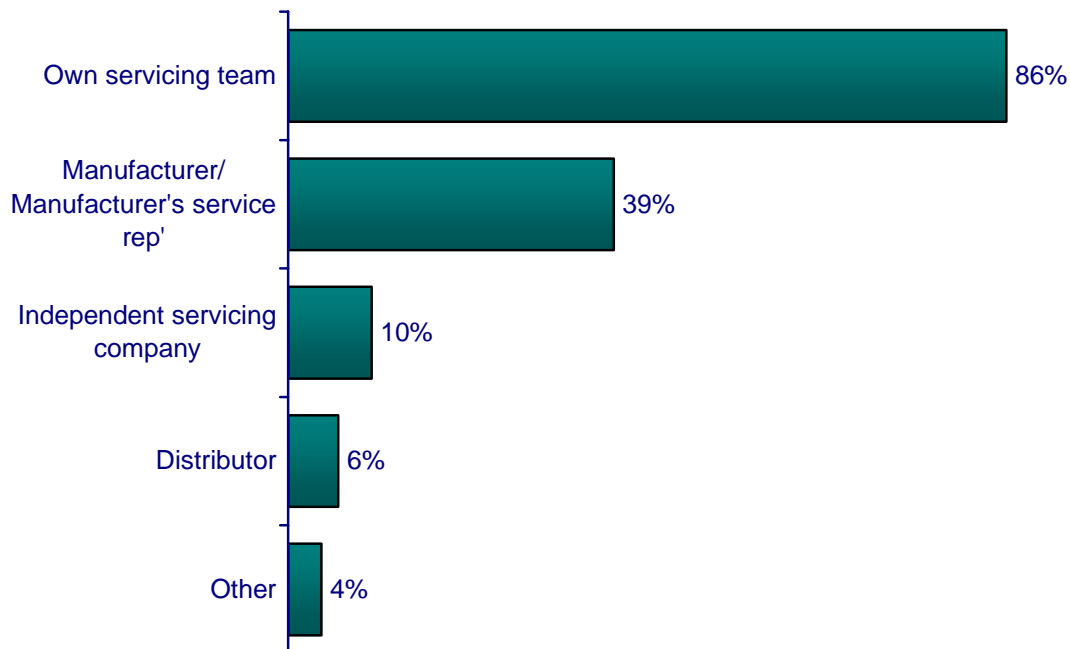
“I would presume we could cope, but we might not like it”.

“We could service it. It would just take a while to understand the workings of it.”

A few did comment that they would be concerned about the reliability of an untried manufacturer. In one case, where the respondent was considering the possibility that the untried manufacturer would be based overseas, it was claimed that they would need to be reassured that should something happen with the sweeper, an engineer would be flown in from outside of the UK.

“I’d need to know that someone would come over if there were a problem.”

Chart 8: Organisations servicing existing sweeper fleets - Q11



Base: All respondents (100)

2.3 Purchasing Decisions

2.3.1 Factors considered when purchasing sweepers

Respondents were asked unprompted what were the most important factors they considered when deciding which sweeper to buy and for this question could give more than one response. Numerous factors are considered to be important and 4 factors were more prevalent amongst the organisations surveyed:

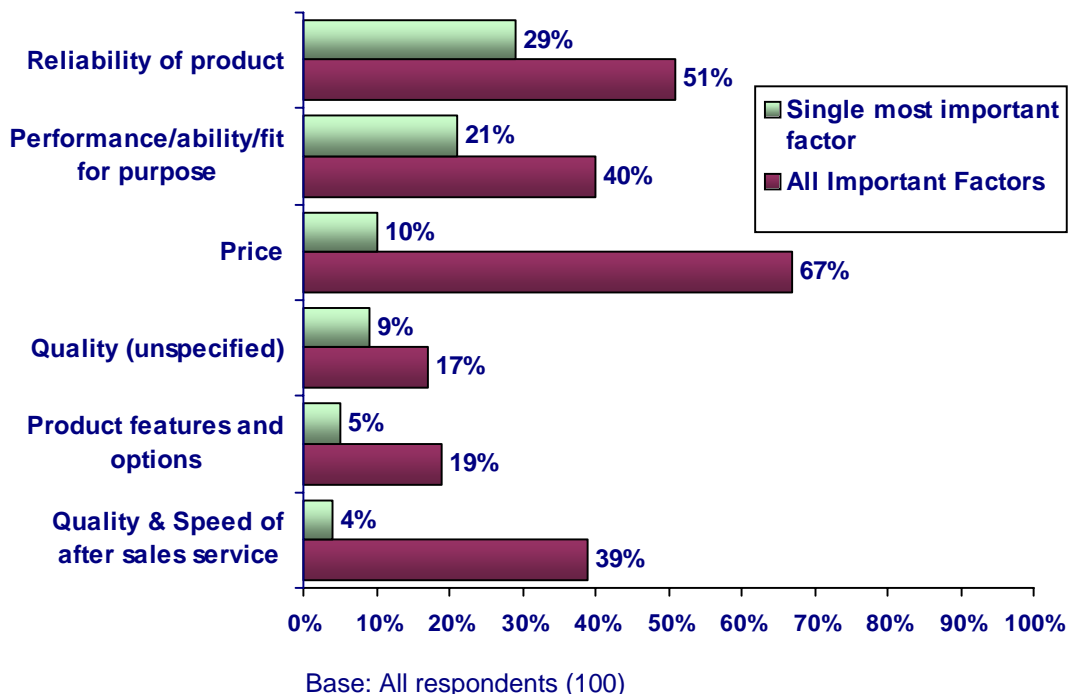
- Price
- Reliability of product

- Performance/ability/fit for purpose
- Quality/speed of after sales service.

It is interesting to note that whilst price was the most frequently mentioned factor (67%), as many as a third of organisations did not mention price at all as a very important factor. Similarly, only half of organisations mentioned the reliability of product (51%) with the remaining half of organisations not mentioning reliability of product at all as a very important factor. Whilst performance ability/fit for purpose (40%) and quality/speed of after sales service (39%) were the third and fourth most frequently mentioned factors, three fifths of organisations did not mention either factor as being important (60% and 61% respectively).

When asked to indicate the single most important factor responses were again distributed across a number of factors. Price was not considered to be the single most important factor by many organisations, and was in fact ranked third (10%) behind reliability of product (29%) and performance/ability/fit for purpose (21%).

Chart 9: Factors considered when purchasing sweepers - Q9 & Q10



The qualitative research findings were in line with those of the quantitative research, in that when asked about the factors that were taken into account when assessing tenders/bids, several factors were mentioned. When asked what the most important factor was in the final choice, several respondents mentioned reliability of the product, which they assessed by reference to their existing knowledge and experience of the brand, as well as by reference to other users' experience if they had none of their own.

“We would rather pay an extra thousand, two thousand pounds and have the reliability than have something that is constantly off the road, because that will cost us more money in the long run.”

Suitability/fit for purpose in terms of appropriateness of the machine for the type of work needed to be undertaken, and with respect to its overall running costs was another important factor.

“It was one that was considered best for the job.”

Price was mentioned as being important but was not necessarily of prime importance, indeed several claimed that they often chose a higher priced product.

“ It (price) is important, but It's not the whole story.”

Another important factor mentioned as important by virtually all respondents in the qualitative stage was previous experience of the reliability of the supplier, which provides a level of trust and reassurance to the purchaser. For some this factor was of prime importance.

“If you have difficulties with the machine, trouble getting parts, servicing etc. therefore it becomes very difficult to get the vehicle turned around, that is when a history with the supplier comes in very handy.”

“It sets the benchmark.”

Product features were mentioned as having a strong influence on the purchase decision if the features are specifically required or in some way make one sweeper more desirable than another.

“You are looking at getting the most for your money, always. If two products are priced the same but one is a higher spec, you go for the higher spec.”

Demonstrations are reported as being very influential when a prospective purchaser has no previous experience of the product. The demonstration provides an opportunity to assess fuel consumption, mechanical/maintenance issues, user comfort and product features. A handful of respondents mentioned having had the loan of a sweeper for a period of a day to a week, although one or two mentioned a longer period of time.

“I would not purchase anything without having a demonstration first.”

As in the quantitative findings, after sales/after care service is mentioned as important by those participating in the qualitative stage, but is not necessarily of prime importance. However, it appears that there is a tendency to choose an existing supplier known to provide good after sales service, even when the servicing is carried out in-house.

“It's the fact of better the devil you know than the one you don't.”

In the qualitative survey respondents were asked whether the level of detail supplied in the bid was important, and this was said to be of lesser importance as the details contained in a bid need to be compliant with specified requirements in order to qualify for consideration.

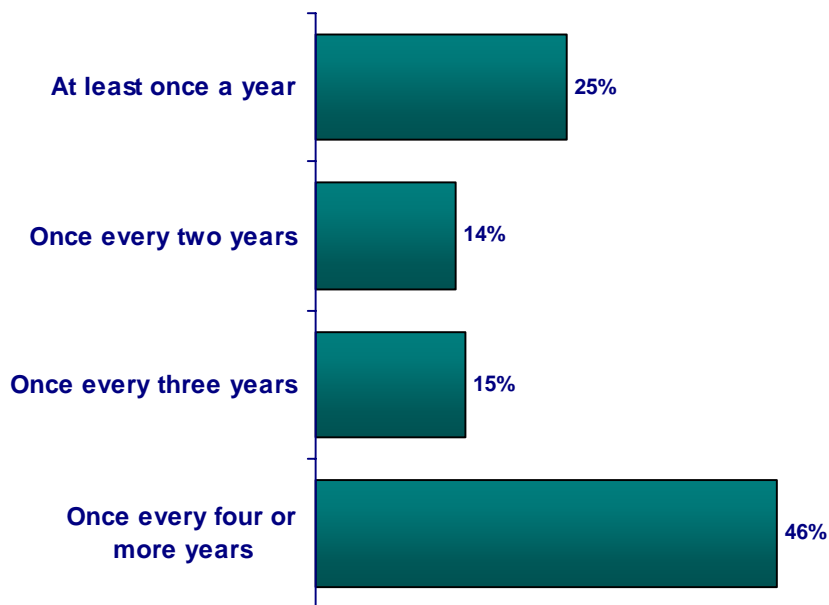
“Normally you will have read up about them (the details) beforehand. You will have done your homework and should know what it is that you are buying.”

2.4 Last Purchase of Sweepers

2.4.1 Frequency of sweeper purchases

Most organisations purchase their sweepers every three or more years (61%) and a quarter of organisations claim to purchase sweepers at least once a year although these figures vary between types of organisations. More than two thirds of local authorities/municipalities purchase every three to four years (70%) compared to approximately a third (31%) of private companies.

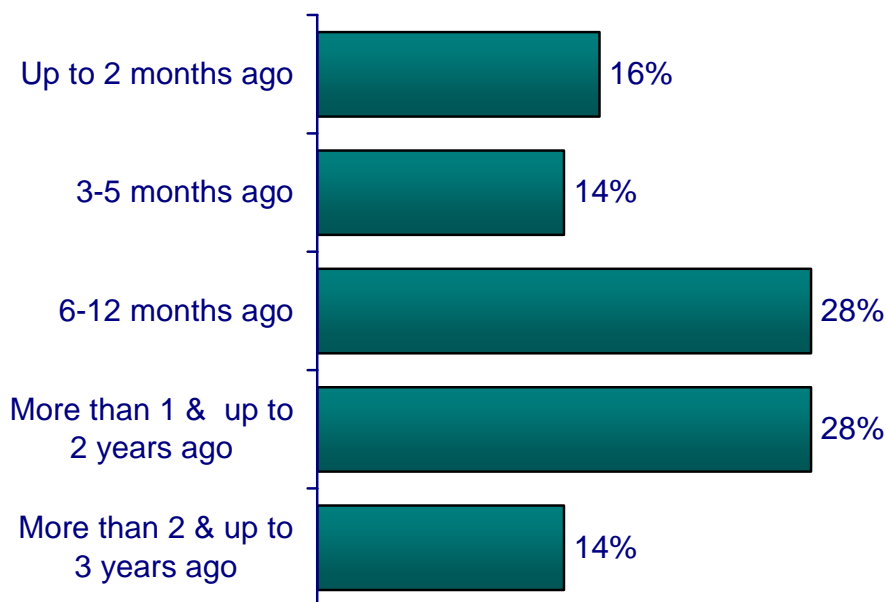
Chart 10: Frequency of sweeper purchases - Q17



Base: All respondents (100)

The timeframe, within the last three years, in which organisations last purchased sweepers is fairly evenly spread. Approximately equal proportions of organisations have purchased in the last 5 months, between 6-12 months ago and 1-2 years ago (30%, 28% and 28% respectively).

Chart 11: Timeframe in which last purchase of sweepers took place - Q4



Base: All respondents (100)

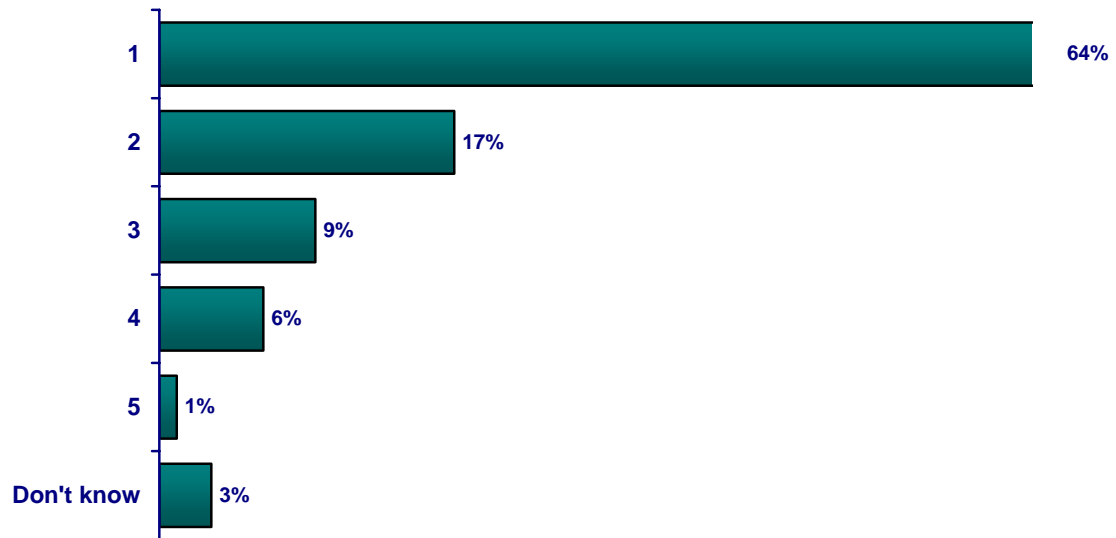
2.4.2 Types of sweepers last purchased

Almost two thirds of organisations only bought one type of sweeper (64%) in their last sweeper purchase and a sixth of organisations bought two different types of sweepers (17%). In most cases organisations also tended to purchase just one of that particular sweeper type. The exception is compact sweepers where almost a half purchased between two and five compact sweepers, and two fifths purchased only one. In the last purchase, fewer organisations purchased specialist truck-mounted sweepers with 55% not purchasing any.

In the qualitative stage, which focussed on details covering the last sweeper purchase, the range of sweepers covered reflects the overall sample achieved in the quantitative stage. Thus five of those interviewed had recently purchased a walk behind/sub-compact sweeper, four a compact sweeper, three a mid-size

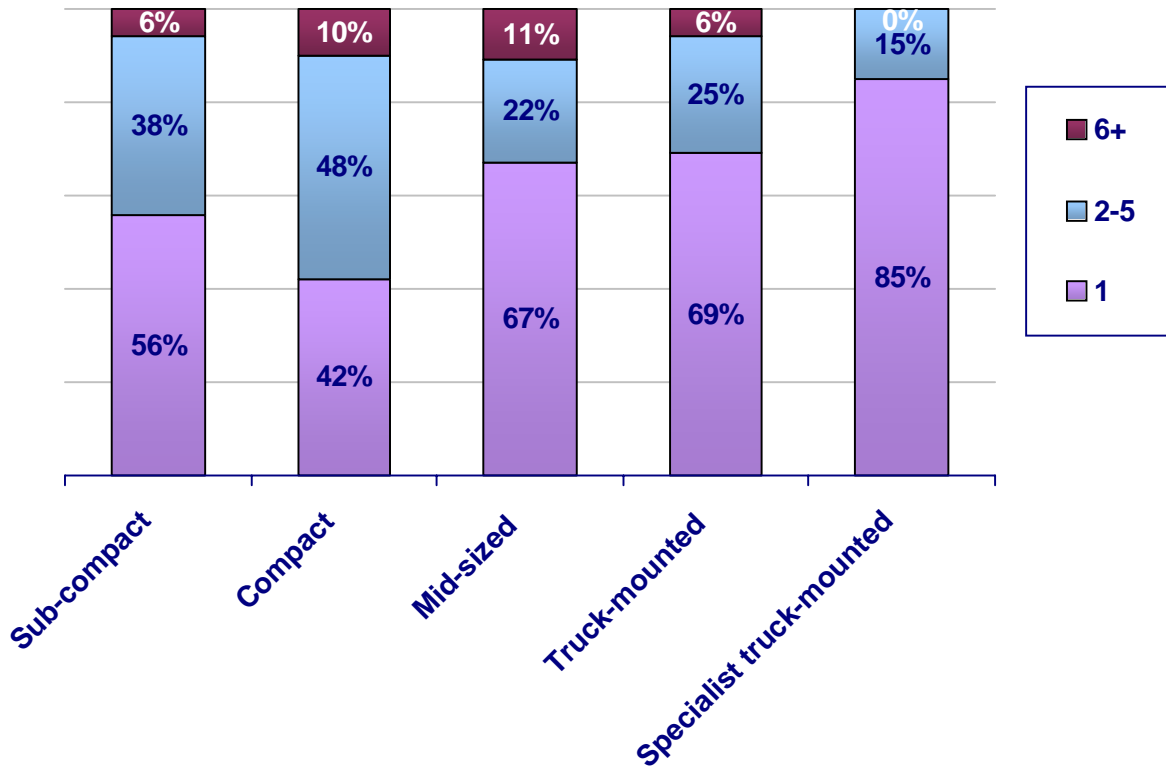
sweeper, nine a truck-mounted sweeper and just one a specialist truck-mounted sweeper.

Chart 12: Number of different types of sweepers last purchased - Q18



Base: All respondents (100)

Chart 13: Numbers of sweepers last purchased - Q18



Base: All purchasing each type of sweeper (13-32)

2.4.3 Reason for purchase of new sweeper

In the qualitative interview respondents were asked why their organisation needed a new sweeper. In the public sector the main reason for purchase was replacement of an existing sweeper that had reached the end of its life. It was reported that the replacement cycle for sweepers tended to be based on a five, six or seven year rolling replacement programme or expiry of lease.

Other reasons given by public sector respondents for considering the purchase of a new sweeper are:

- A need for a specific type of sweeper for a specific purpose such as footpaths.
- To enhance services in the borough.
- Use of a machine to reduce headcount.
- The availability of a new, more versatile machine.
- An alternative to hiring from a third party.

“It was the availability of a new machine (mid sized) that gave us the ability to carry out the sort of work that previously we had bought truck-mounted for. It gave large machine performance but had small sweeper manoeuvrability, which made it possible to do a wider range of work. It gets rid of the heavy goods licence, it means we have a machine that can do a trunk road and also the housing estates.”

Within the private sector it was reported that replacement was one of several reasons for prompting a new purchase. The other reasons given were:

- An increase in the company’s workload either from existing clients or because of a new contract.
- The desire to keep up to date with the latest equipment because of new requirements or changes in the market.
- A customer specifying that a specific type of sweeper was required to fulfil the contract.

In both the public and private sector, sales representatives were mentioned by some respondents as having ‘aided’ a purchase. Some sales representatives are reported to offer extra help and service during the purchase process. They are said to be aware of critical buying cycles and know when the end of a lease is

due and the optimum time to make an approach. In some cases it was mentioned that they brought to attention the availability of a new model.

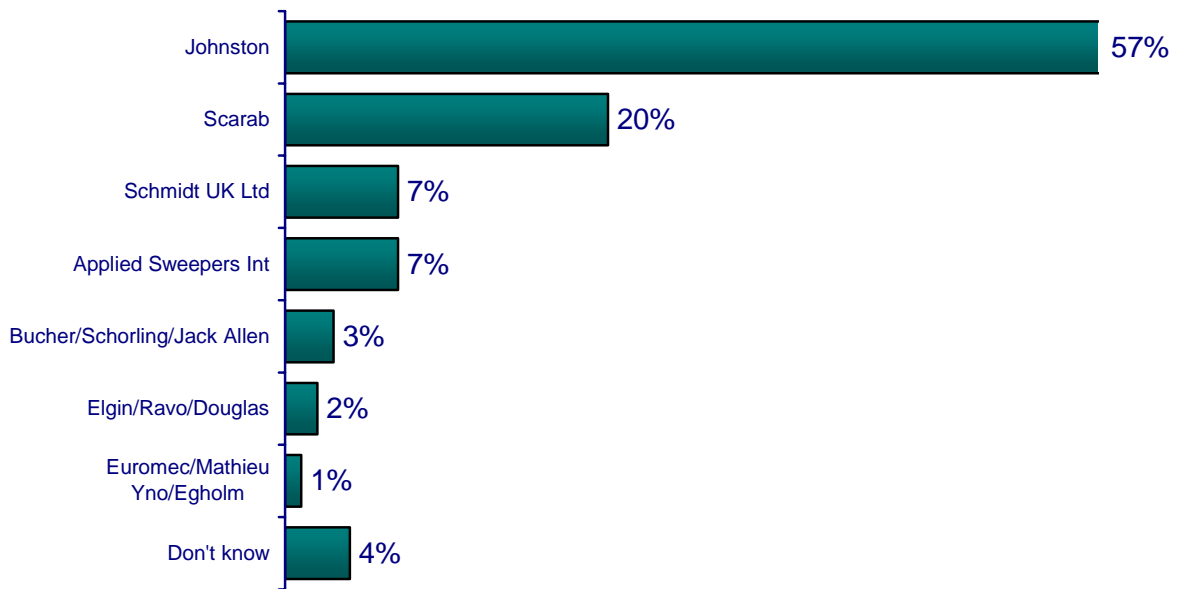
“You can always tell when it's the first of April because I'm surrounded by reps.”

“The supplier approached us saying we have something new on the market and we think you should have a look at it.”

2.4.4 Relationship with suppliers from whom sweeper was last purchased from

In terms of the suppliers that organisations last purchased their sweepers from, almost three fifths of organisations made their last sweeper purchase from Johnston Sweeper Ltd, followed to a lesser degree by Scarab (20%), Schmidt UK Ltd and Applied Sweepers International (both with 7%). The remaining suppliers were mentioned by 3% or fewer of the organisations.

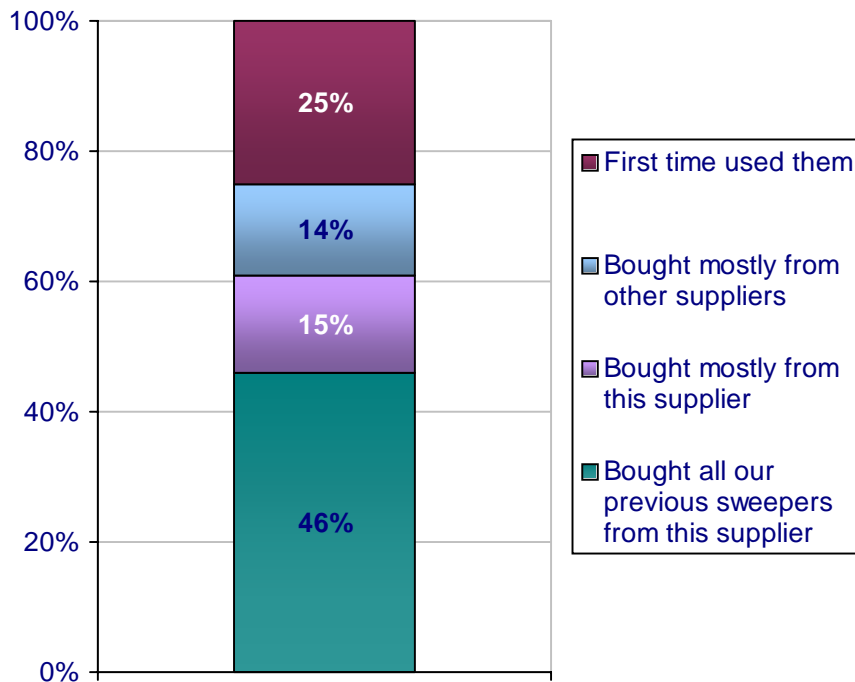
Chart 14: Supplier last sweeper purchase was made from - Q20



The sample in the qualitative research virtually replicated the findings of the quantitative research in that of the 22 organisations interviewed, 15 had bought from Johnston Sweepers Ltd, five from Scarab and two from Schmidt.

Most organisations (61%) also claim to have bought all or most of the sweepers in their sweeper fleet from their last supplier. Despite this, a quarter of organisations actually state that this is the first time that they have used this supplier.

Chart 15 Previous purchasing history with last supplier - Q21



Base: All respondents (100)

Organisations participating in the qualitative research were asked whether, in the last three years, they had changed the main manufacturer whose sweeper they mostly purchased. The majority claimed that they had not changed supplier, either because they wanted to standardise their equipment or because they had long leases, which effectively meant they maintained ties with one supplier.

Two mentioned that they had added another manufacturer to their portfolio of sweepers, and two said they had changed to an entirely new manufacturer. In both the latter cases the change had been partially prompted by poor after sales service from the previous manufacturer.

Respondents cited a number of reasons for buying from an existing supplier:

- The sense of familiarity and trust that comes about from dealing with a known source.

“They can meet what we need much easier because we are in direct contact with them. They can get it right first time.”

- The fact that in-house workshop mechanics already know the product, as do drivers, so there are likely to be no retraining costs.
- There is a rapport with existing contacts and this helps to ease the purchase process.

“From an order point you know who to contact if something goes wrong and they know how you work.”

- An existing relationship with a sales representative who has built up an understanding of the organisation’s business needs and can provide relevant information and guidance about suitable machines.

“It (representative relationship) shouldn’t be influential but it always is.”

- A desire for compatibility within the organisation based around standardisation of the street cleaning fleet of sweepers and consistency of spare parts, etc.

“It is also about operator familiarity as well. The operators need to be able to move from one machine to the other. So continuity of machines does help.”

- The general convenience of dealing with a known supplier.

“Why mend it if it isn't broken? If you have had good service off a company why move?”

2.4.5 Method of negotiation for last sweeper purchase

The tender process for negotiation on their last sweeper purchase was more prevalent than just negotiation (57% compared to 37%). Almost a third of organisations used the tender process without further negotiation and a quarter used the tender process with further negotiation. A quarter of respondents sought only to negotiate with a single seller (25%) compared to one in ten negotiating with multiple sellers (11%).

The qualitative research covered the tender or negotiation process in greater detail. Just over half of those interviewed had gone through a tender process. Across this set of respondents the number of tenders received ranged from two to five. In virtually all cases tenders were received from suppliers already known to the organisation. Where bids had been received from a new supplier in two cases, they were said to be from a manufacturer not based in the UK. Overall though very few suppliers outside of the UK had submitted a tender. It was claimed that all the suppliers involved had UK distribution.

When asked if there were any suppliers who realistically could have met their needs but did not tender, of those who answered this question, only a couple mentioned a supplier that they might have expected to provide a bid, but who in fact did not. Two of these suppliers were mentioned as being UK based

manufacturers and two were mentioned as being non-UK based suppliers. Respondents mentioning suppliers from outside the UK whom had not bid, claimed that they would be concerned about buying from a non-UK based manufacturer because of concerns about back up.

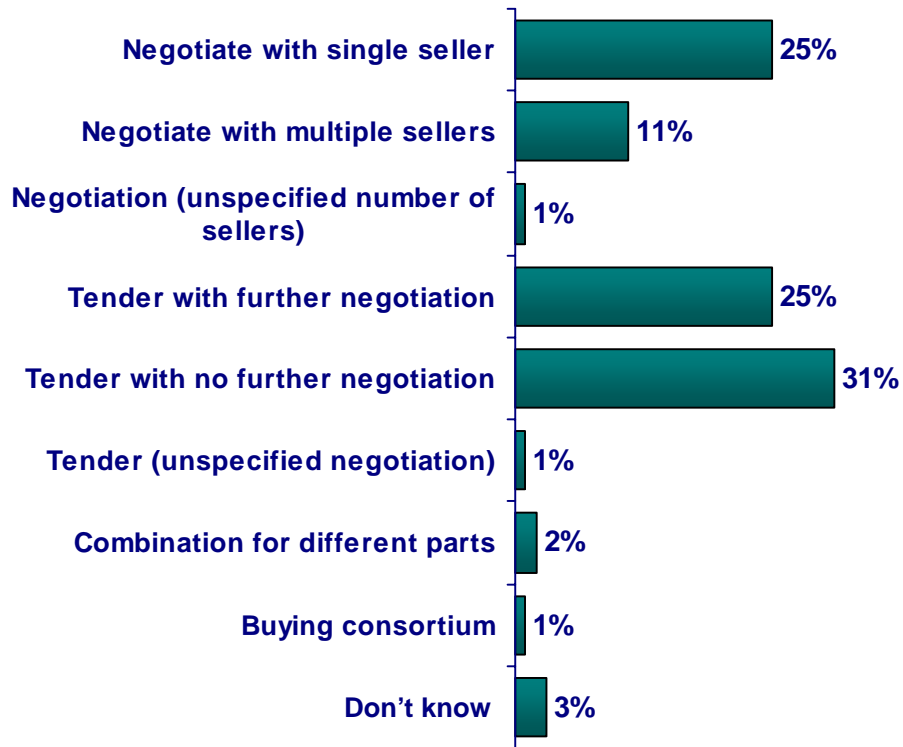
Among the organisations that had gone through a negotiation process virtually all negotiated with a known or tried and tested supplier. The reasons that they gave for this were that they wanted to go to a reliable supplier with whom they would have no concerns about back up or support. Only one had involved a non-UK based supplier who they previously had no knowledge of in the negotiation process, and in this case the supplier was not chosen because they were not 'tried and tested'.

Finally, those organisations that had named a preferred supplier and/or sweeper model in their specification (e.g. Schmidt Swingo or equivalent) were asked if this had affected the number of bids from different suppliers or different makes. The majority of respondents claimed that this had no affect on bids received. They believed this to be for several reasons:

- The expected range of bids had been received.
- Only a limited number of sweepers could fulfil the specified needs.
- Advertising in the EU Journal gives all suppliers the option to place a bid.
- Although a particular make/model had been specified all bids had to be assessed fairly.

Two respondents did claim that the number of bidders had been affected by stating a preference. As a result of stating a preferred supplier, one organisation had only received one bid, and another just two bids.

Chart 16: Method of negotiation for last sweeper purchase - Q22



Base: All respondents (100)

2.5 Competitiveness of Market

2.5.1 *Sweeper types most likely to buy for specific end-usage*

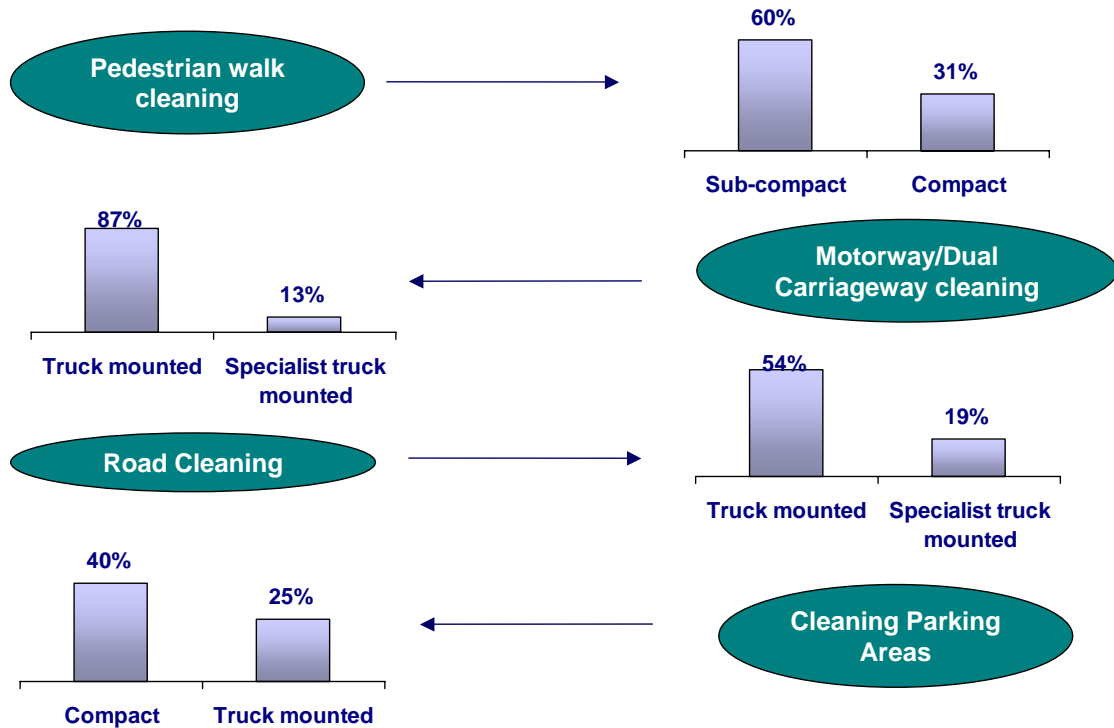
Organisations were asked to indicate which type of sweeper they would be most likely to buy for up to two of their end-uses of sweepers. In most cases the types of sweeper that would be bought for the different end-uses are quite specific and in most cases two types of sweepers tend to account for the majority of answers.

For pedestrian walk cleaning, sub-compact sweepers were mentioned as being the type of sweeper most likely to buy by three in five organisations (60%) followed by compact sweepers, which were mentioned by a third of organisations (31%).

Not surprisingly, for motorway/dual carriageway cleaning only truck-mounted (87%) and specialist truck-mounted sweepers (13%) would be bought. Similarly for road cleaning, truck-mounted (54%) and specialist truck-mounted sweepers (19%) would also be the main types of sweepers purchased.

For cleaning parking areas, the types of sweepers most likely to be bought are more varied with three types of sweeper identified as being most likely to be purchased; compact (40%), truck-mounted (25%) and mid-sized (19%).

Chart 17: Sweeper types most likely to buy for specific end-usage - Q13

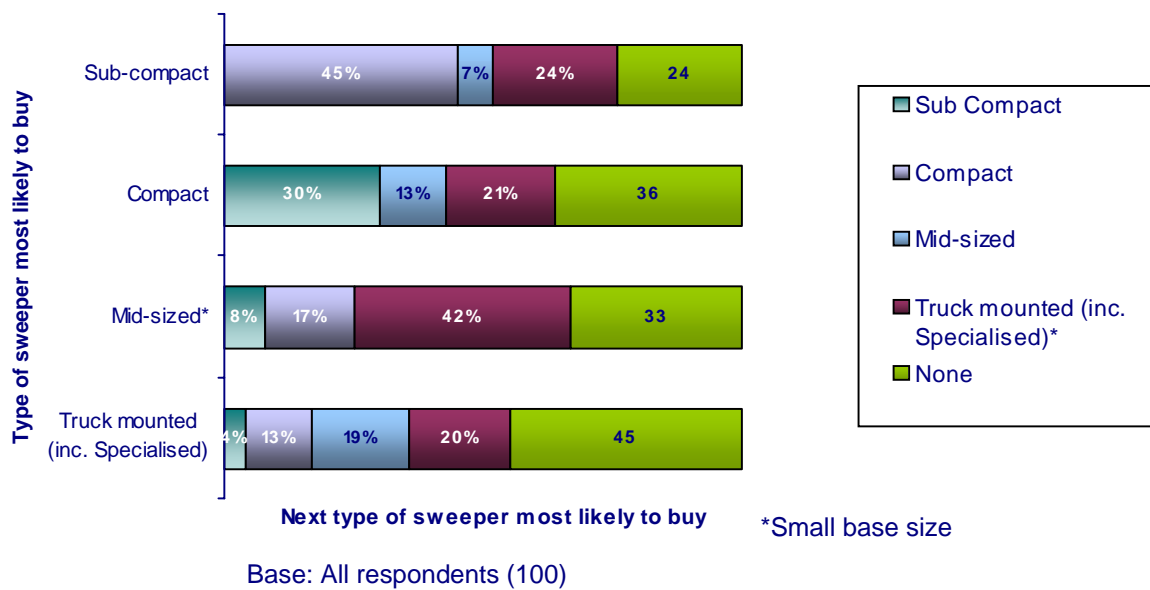


Base: All respondents giving responses for each activity at Q13
 Pedestrian walk cleaning (35), motorway/dual carriageway cleaning (15)
 Road cleaning (59), Cleaning parking areas (52)

In terms of the next type of sweeper organisations would be most likely to purchase for specific end-uses of sweepers, a substantial number of organisations indicated that there were no other types of sweepers that they would buy. This is particularly the case for those who would purchase truck-mounted sweepers (including specialised) as a preferred sweeper, with almost a half saying there is no alternative sweeper.

For those who specified an alternative sweeper type, responses vary considerably although in most cases organisations would be inclined to purchase either the next size of sweeper up or down.

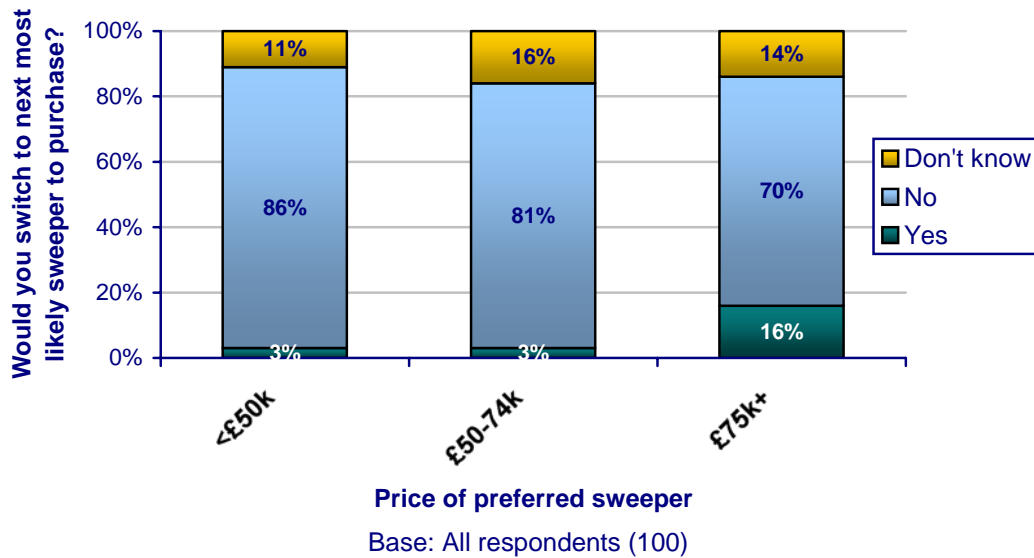
Chart 18: Next most likely type of sweeper to purchase after preferred choice - Q13 & Q14



* Includes truck-mounted and specialist truck-mounted sweepers combined

The findings suggest that certain sweepers are considered the most appropriate for their end-usage. Even with a price increase of 5%, most organisations stated that they would not switch to an alternative. Organisations are most likely to switch at the highest price levels: although even when the expected price of a sweeper is £75k or more, only 16% claim they would switch to a different type of sweeper.

Chart 19: If price of preferred sweeper rose by 5% whether organisations would switch to the next most likely type of sweeper to buy for specific end-usage - Q16



The qualitative findings back-up the quantitative findings in that respondents reported that each type of sweeper tends to be used for a specific purpose and alternative types are generally not ideal as a substitute if the preferred sweeper type is not available. Specific reasons mentioned for not switching sweepers around were:

- Alternatives cannot perform to the required level or need (e.g. the pick-up volume of the sweeper is too small).
- Logistical problem in moving equipment from one depot to another, particularly where large distances are involved.
- Organisation runs a small fleet and there is no spare capacity to switch one piece of equipment from one function to another.

“We don't swap them round on a regular basis.”

“It all depends on area. Some you can, some you can't. Also you can't use a [Model X] on the road, the wear factor alone would just be too much.”

When asked what each sweeper type was used for, what other types of sweepers could be used for the same purpose, and the problems encountered when using the alternative, those respondents who were prepared to consider an alternative machine mentioned a variety of problems with switching sweepers. The chart that follows covers the types of sweepers that were recently purchased and the perceived problems with possible alternative sweepers that could have been used as a substitute. These alternatives either already existed in the respondent's fleet or had been considered in the recent purchase decision-making process.

Sweeper type	Activity used for	Alternative type (including problems)
Walk behind¹	Town centre precincts Cycle way Footpath	Sub-compact *too large/wide *turning circle too big *not easy to work around street furniture
Sub-compact¹	General street cleaning Car parks Pedestrian areas Pathway Carriageway Narrow passageways Esplanades Pavements Leaf cleaning	Compact *too big *not enough versatility *much heavier *more awkward
Compact	Park area pathways Car parks Narrow tracks Pavements Precincts Footpaths Town centre Rural areas	Walk behind *ride-on better for crew Mid-size *too big for pavements Sub-compact *too small *can't cover distance to rural areas *lower payload

¹ Sometimes respondents referred to a Sub-compact as a Walk behind and visa versa, hence the overlap of uses.

¹ As above.

<p>Mid-size</p>	<p>Housing estates Trunk road² Pathways³ Town centres</p>	<p>Compact</p> <ul style="list-style-type: none"> *too small *too slow *less mobility <p>Sub-compact</p> <ul style="list-style-type: none"> *too small *too slow <p>Truck mounted</p> <ul style="list-style-type: none"> *require HGL³ *too big
<p>Truck mounted</p>	<p>Rural roads High streets Motorways Trunk roads Construction sites Quarry work Road construction</p>	<p>Specialist truck mounted</p> <ul style="list-style-type: none"> *too expensive *used for a specific function *need specific pick-up volume <p>Mid size</p> <ul style="list-style-type: none"> *payload too small *wrong travelling speed <p>Compact</p> <ul style="list-style-type: none"> *can't cover the distance *can't cover width of road
<p>Specialist truck mounted</p>	<p>Road sweeping</p>	<p>Compact⁴</p> <ul style="list-style-type: none"> *too small for road size *too low capacity

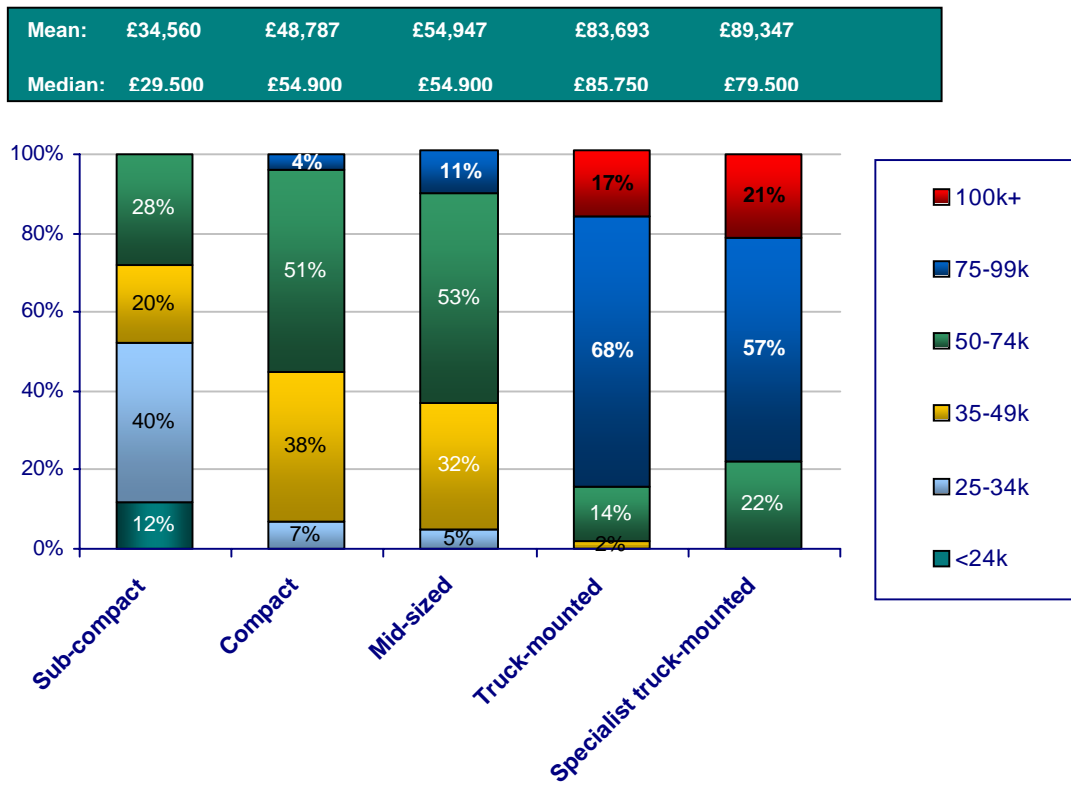
³ “ It gets rid of the heavy goods licence, it means we have a machine that can do a trunk road and also the housing estates”. [Respondent did not make reference to the fact that not all truck mounted sweepers require a HGL]

⁴ Compact was the only other type of sweeper in the fleet.

2.5.2 Price expected to pay for sweepers

The price organisations would expect to pay for their sweeper obviously differs depending on the type of sweeper purchased. Responses for sub-compact sweepers are varied although half of organisations would expect to pay £34k or less with a mean price of £35,000. For compact and mid-sized sweepers half of organisations would expect to pay between £50-74k and approximately a third would expect to pay £35-49k (38% and 32% respectively) with a mean price of £49,000 for compact sweepers and £55,000 for mid-sized sweepers. For truck-mounted and specialist truck-mounted sweepers the price expected to pay would mostly be between £75K and above with a mean price of £85,000 for truck-mounted sweepers and £89,000 for specialist truck-mounted sweepers. The price variation that occurs within each sweeper type is likely to be due to the different requirements and demands of the sweeper, and the options available.

Chart 20: Price expected to pay for sweepers - Q15



Base: All respondents (100)

In the qualitative research respondents considered that where more than one bid had been received the competing bids are generally very competitive.

When sweepers had been bought by negotiation it was reported that prices were generally similar, although there was some evidence of occasional large differences.

Tenders were said to be closely competitive, with the following being indicative of ranges mentioned by some respondents

- For machines priced around £80,000 and above, prices quoted tended to vary by around £3500- £5000.
- For sweepers priced around £40,000- £55,000, prices quoted varied by around £1000- £3500.
- For sweepers priced around £16,000, prices quoted varied by around £1000.

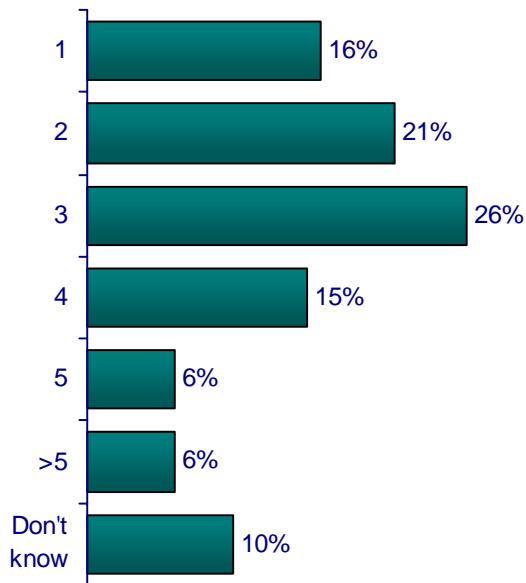
That said, there was evidence of a greater variance between bids. For example, one respondent mentioned having received five bids, the highest being £53,000 and the lowest £45,000. Another talked of a range of £8,000 to £10,000 on a mid-size machine.

2.5.3 Perceived competitiveness of suppliers in the market

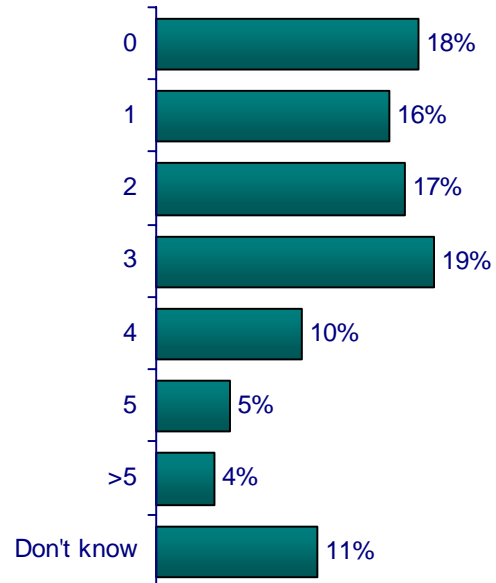
Although the number of suppliers that organisations sought bids from for their last sweeper purchase varies, most organisations sought bids from three or less suppliers (63%). A sixth of organisations sought a bid from one supplier only, and a further quarter sought bids from three suppliers. In the main, other than those suppliers that organisations sought bids from, approximately a half thought that there were between one and three other suppliers in the UK that could have met their requirements (52%) and approximately a fifth thought that there were no other suppliers that could have met their requirements (18%).

Chart 21: Suppliers that sought bids from - Q23a

21.1 Number of suppliers sought bids from



21.2 Number of other suppliers in the UK that could have met requirements

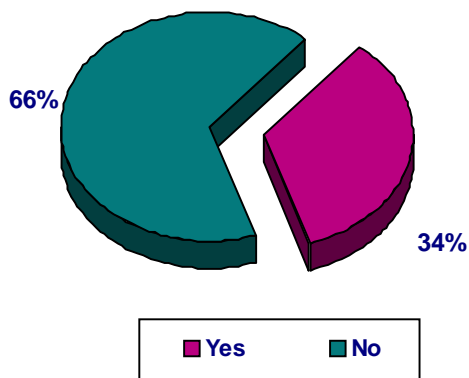


Base: All respondents (100)

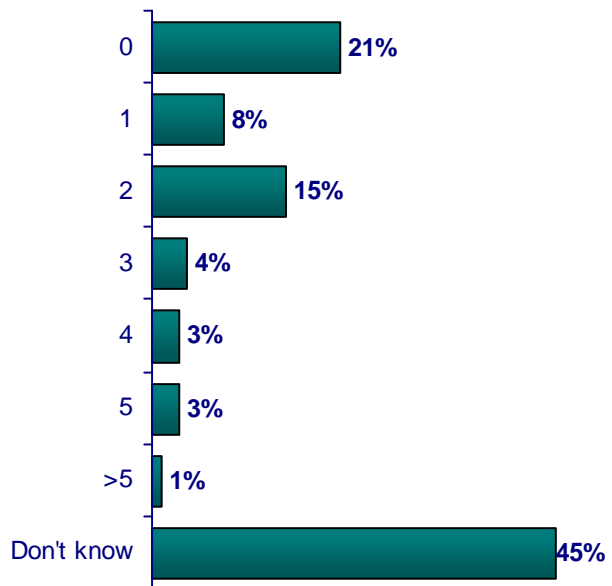
Knowledge about suppliers and brands distributed outside of the UK is limited and in most cases organisations had not considered brands supplied and distributed from outside of the UK (66%). Furthermore, almost half of organisations indicated that they did not know how many suppliers outside of the UK could have met their requirements (45%). Also, as many as one in five organisations stated that they did not think that there were any suppliers outside of the UK that could have met their requirements.

Chart 22 Suppliers outside of the UK - Q24 & Q25

22.1 Whether brands supplied and distributed from outside of the UK were considered



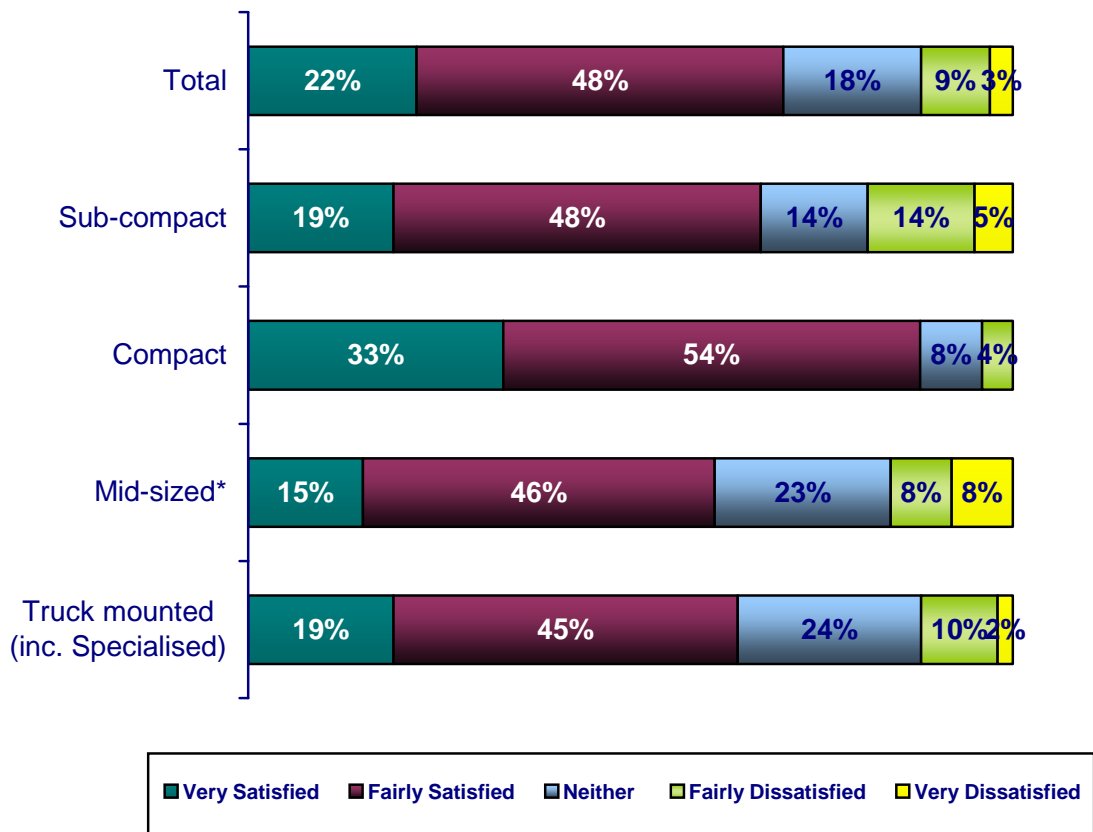
22.2 No. of suppliers outside of the UK that could have met requirements



Base: All respondents (100)

Most organisations are satisfied with the number of suppliers that can meet their requirements (70% either very/fairly satisfied) and this is especially the case for organisations that last purchased compact sweepers (87%).

Chart 23: Satisfaction with the Number of suppliers that can meet sweeper requirements - Q26

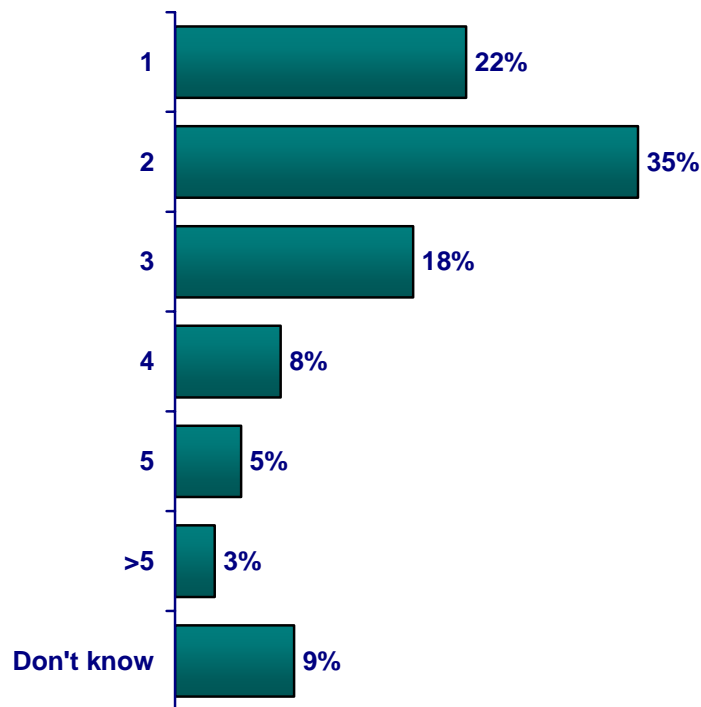


Base: All respondents (100)

* Small base size

In terms of the number of suppliers that actually made realistically competing bids (including their last supplier), most respondents thought that between one and three suppliers had made realistically competing bids (75%). Approximately a fifth (22%) of organisations thought that only one supplier had made a competitive bid.

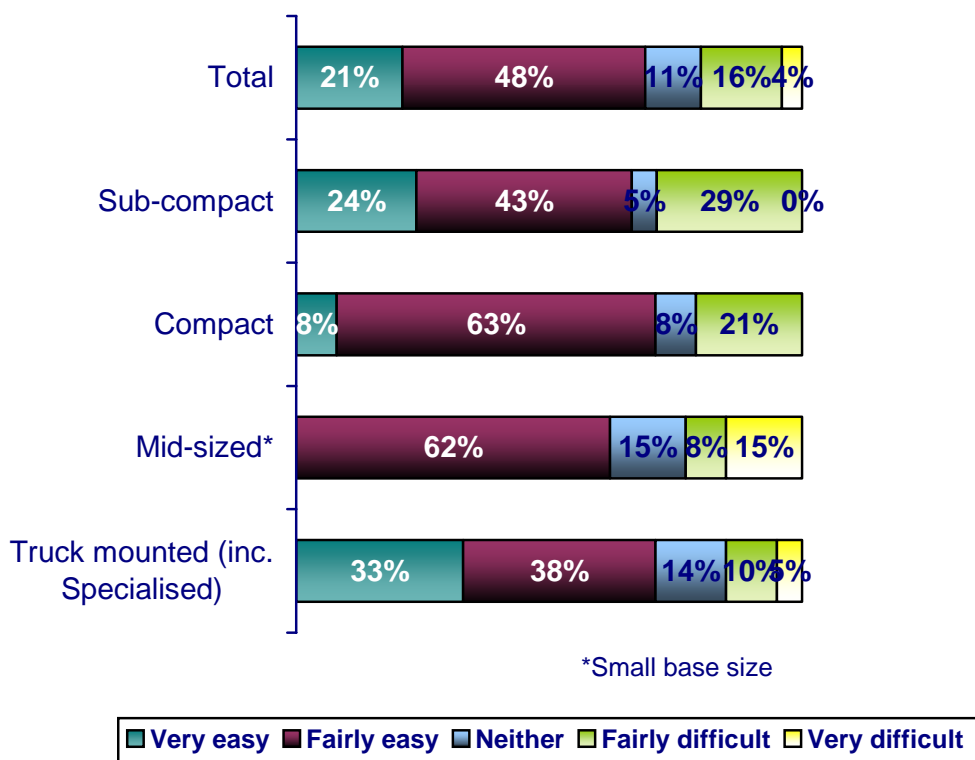
Chart 24: No. of suppliers that made realistically competing bids - Q27



Base: All respondents (100)

In most cases, organisations felt that it would be relatively easy to find an alternative supplier if their last supplier was no longer in the market (69%) and this is the case across all of the sweeper types last purchased.

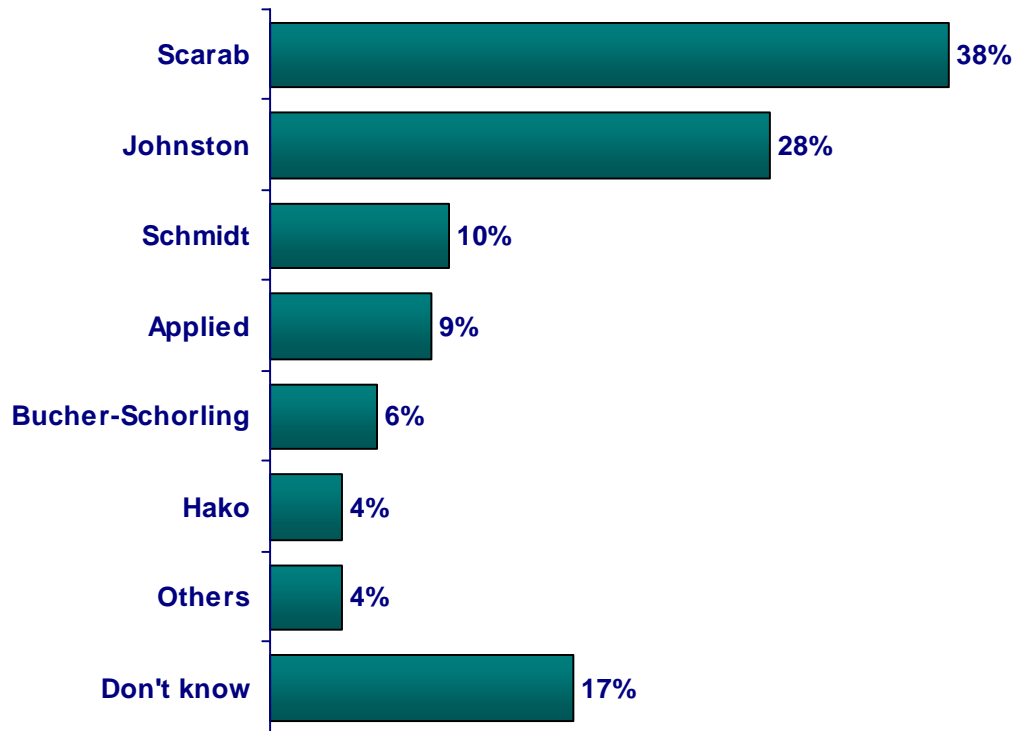
Chart 25: Ease of finding another supplier if last supplier was no longer in the market - Q28



Base: All respondents (100)

If their current supplier was no longer in the market, two suppliers in particular were mentioned as potential alternative suppliers; Scarab (38%) and Johnston Sweepers Ltd (28%).

Chart 26: Alternative suppliers that would be used if current supplier was no longer in the market - Q29



Base: All respondents who would find it easy to find an alternative supplier (69)

Respondents participating in the qualitative research were asked what problems, issues or concerns they would have in choosing the second best supplier. It was considered that before choosing the second best supplier a demonstration of the equipment would be required. Concerns cited were that the organisation would lack the experience to service the sweeper, there would be a need to hold extra spare parts in stock, and they could not be sure of the level of after sales service and availability of spare parts.

With regards to the sweeper itself, it was assumed that the machine would not have the same payload and functionality. Furthermore, respondents considered that they would have concerns about its overall build quality and general reliability.

APPENDIX 1 - QUANTITATIVE SURVEY

Sweeper Customer Survey

INTRODUCTION

INTRO_1 (RECEPTION)

Good morning/afternoon. Could I speak to [name if available] the person who is responsible for sweeper purchases or cleaning equipment in your organisation?

ADD IF NECESSARY: Sweepers are hand operated or vehicle sweepers

INTRO_2 (RESPONDENT)

Good morning/afternoon. My name is [.....] calling from NOP World, an independent market research agency. We are currently conducting some research on sweeper purchasing as part of an official investigation by the Competition Commission, an independent public body, looking in to the merger of Bucher/Schorling and Johnson. Your organisation should have received a letter from the Competition Commission about this research but to clarify: this survey is specifically looking into the supply of sweepers provided to organisations like yours.

The survey should take no longer than 15 minutes. All of your answers will be treated in the strictest confidence and the results will be anonymous.

Would you like to take part in this research?

1. Yes
2. No

THANK AND CLOSE

Would now be a convenient time for you to take part?

1. Yes **CONTINUE**
2. No **ARRANGE A CONVENIENT TIME TO CALL BACK**

SCREENING

S1. Firstly, which of the following best describes your involvement in decisions regarding the **purchase of sweepers** within your organisation? Would you say that you..... READ OUT

1. Have sole responsibility for deciding on the purchase of sweepers
2. Make decisions regarding the purchase of sweepers together with others
3. Are not directly involved in the purchasing of sweepers, but your advice is sought.
4. Have no responsibility and your advice is not sought on the purchase of sweepers

ROUTING INSTRUCTIONS

S1=CODE 1 OR CODE 2 GO TO S2

S1=CODE 3 OR CODE 4 GO TO CLOSE 1 AND THEN S3

S2. And can I just confirm what your job title is? UNPROMPTED BUT CODE FROM OPTIONS BELOW

1. Financial Director/Manager
2. Procurement Manager/Director
3. Cleansing Manager/Director
4. Fleet Manager
5. Transport Manager
6. President
7. Chief Executive
8. Other Specify_____

ASK IF CODE 3 OR 4 AT S1

S3. Is there anybody else within your organisation that is more involved in these decisions than you?

1. Yes **ASK FOR NAME & REQUEST TO BE TRANSFERRED**
2. No **CLOSE INTERVIEW**

CLOSE 1: I'm sorry, but for this study we need to speak to those who are directly responsible for the purchase of sweepers. Thank you for being willing to help anyway.

ASK IF CODE 1 OR CODE 2 AT S1

S4. And have you or your organisation purchased a sweeper within the last 3 years?

1. Yes

CODE 1 GO TO S5

2. No

CODE 2 GO TO CLOSE 2-SEE BELOW

CLOSE 2: I'm sorry, but for this study we need to speak to those who have purchased a sweeper within the last 3 years. Thank you for being willing to help anyway.

ASK IF CODE 1 AT S4

S5. Does your organisation purchase sweepers to sell them on to other organisations?

INTERVIEWER NOTE THAT HIRING OR LEASING IS OK

1. Yes

GO TO CLOSE 3- SEE BELOW

2. No

CLOSE 3: I'm sorry, but for this study we need to speak to those who do not sell on their sweepers. Thank you for being willing to help anyway.

MAIN SURVEY

ASK ALL

Q1. Which of the following categories best describes your organisation? SINGLE CODE ONLY

- | | |
|---------------------------------|-----------------|
| 1. Airport | GO TO Q3 |
| 2. Local authority/municipality | GO TO Q3 |
| 3. Private cleaning company | GO TO Q2 |
| 4. Private hire/lease company | GO TO Q2 |
| 5. Other Private company | GO TO Q2 |
| 6. Other specify_____ | GO TO Q3 |

ASK FOR PRIVATE COMPANIES IF CODE 3,4 OR 5 AT Q1

Q2. And approximately how many people work within your organisation?

WRITE IN_____AND CODE INTO THE FOLLOWING:

1. 0-5 employees
2. 6-10 employees
3. 11-25 employees
4. 26-50 employees
5. 51-100 employees
6. 101-200 employees
7. 201-250 employees
8. More than 250 employees
9. Don't know

ASK IF CODE 2 AT S1

Q3. Apart from you, who else is involved in the decision to purchase sweepers within your organisation? We are looking specifically for job titles in this question. CODE ALL THAT APPLY

1. Financial Director/Manager
2. Procurement Manager/Director
3. Cleansing Manager/Director
4. Fleet Manager
5. Transport Manager
6. President
7. Chief Executive
8. No one else
9. Other Specify _____

ASK ALL

Q4. Thinking about your organisation's last transaction involving new sweeper purchases, approximately when did this take place? READ OUT

1. up to 2 months ago
2. 3-5 months ago
3. 6-12 months ago
4. More than 1 and up to 2 years ago
5. More than 2 and up to 3 years ago

Q5a. Which of the following types of sweepers does your organisation currently own? READ OUT AND MULTICODE ALLOWED

1. Sub-compact e.g. less 2m³ capacity and weighing less than 3.5 tonnes
2. Compact e.g. less 2m³ capacity and weighing more than 3.5 tonnes
3. Mid-sized e.g. between 2-5m³ and weighing between 7.5-12 tonnes
4. Truck-mounted e.g. mounted on a donor chassis and over 7.5 tonnes
5. Specialist truck-mounted e.g. tailor made truck mounted sweeper

ASK FOR EACH ONE MENTIONED AT Q5A

Q5b. And approximately how many of each of these sweepers does your organisation currently own? DO NOT READ OUT BUT CODE ACCORDING TO NEAREST CATEGORY PROBE AND ADD AS NECESSARY: We are only looking for an approximate number

SCRIPT WRITER: CODE ACCORDING TO CATEGORY FOR EACH TYPE OF SWEEPER MENTIONED AT Q5A E.G. DO NOTE CODE 0

	Sub-compact	Compact	Mid-sized	Truck-mounted	Specialist Truck-mounted
1.	1-5				
2.	6-10				
3.	11-50				
4.	51-100				
5.	101-500				
6.	501-1000				
7.	over 1000				

Q6. If there is one manufacturer that accounts for at least half of your sweepers, can you tell me which manufacturer that is? DO NO READ OUT, PROMPT IF NECESSARY

- 1 Aebi & Co. AG
- 2 Applied Sweepers International
- 3 Autobren
- 4 BOSCHUNG HOLDING AG
- 5 Brock Kehrtechnik GmbH
- 6 Bucher/Schorling
- 7 Calabrese
- 8 Dulevo International S.p.A.
- 9 Egholm Maskiner A/S
- 10 Elgin/Ravo/Douglas
- 11 FAUN Municipal Vehicles Ltd
- 12 Frimokar
- 13 Hako Machines Ltd
- 14 Haller Umweltsysteme GmbH & Co.
- 15 Johnston
- 16 Karcher
- 17 Kroll
- 18 Kr-Service Sweeping Machines and Repair GmbH
- 19 Maschinen-Umwelttechnik-Transportanlagen GmbH (M-U-T)
- 20 Mathieu Yno
- 21 Nilfisk Advance
- 22 Ransomes Jacobsen Ltd
- 23 RAVO

- 24 RCM S.p.A
- 25 Scarab
- 26 Schmidt UK Limited
- 27 Schörling-Brock GmbH
- 28 Schwarze Industries Inc.
- 29 Sicas S.p.A.
- 30 Tennant
- 31 Trilety GmbH
- 32 UNIECO
- 33 Zoomlion
- 34 None [If no manufacturers account for at least half]
- 35 Other Specify_____
- 36 Don't know

Q6=CODE 1-CODE 33 & 35 GO TO Q8

Q6=CODE 34 AND CODE 36 GO TO Q7

ASK IF CODE 34 (NONE) AND CODE 36 AT Q6

Q7. Which manufacturers are represented in your sweeper fleet? DO NOT READ OUT. PROBE: AND WHICH OTHERS?

- 1 Aebi & Co. AG
- 2 Applied Sweepers International
- 3 Autobren
- 4 BOSCHUNG HOLDING AG
- 5 Brock Kehrtechnik GmbH

- 6 Bucher/Schorling
- 7 Calabrese
- 8 Dulevo International S.p.A.
- 9 Egholm Maskiner A/S
- 10 Elgin/Ravo/Douglas
- 11 FAUN Municipal Vehicles Ltd
- 12 Frimokar
- 13 Hako Machines Ltd
- 14 Haller Umweltsysteme GmbH & Co.
- 15 Johnston
- 16 Karcher
- 17 Kroll
- 18 Kr-Service Sweeping Machines and Repair GmbH
- 19 Maschinen-Umwelttechnik-Transportanlagen GmbH (M-U-T)
- 20 Mathieu Yno
- 21 Nilfisk Advance
- 22 Ransomes Jacobsen Ltd
- 23 RAVO
- 24 RCM S.p.A
- 25 Scarab
- 26 Schmidt UK Limited
- 27 Schörling-Brock GmbH
- 28 Schwarze Industries Inc.
- 29 Sicas S.p.A.
- 30 Tennant
- 31 Trilety GmbH

- 32 UNIECO
- 33 Zoomlion
- 34 None
- 35 Other Specify _____
- 36 Don't know

ASK IF CODE 1-33 & 35 AT Q6

Q8. Apart from **[INSERT CODE AT Q6]**, Who are the other manufacturers represented in your sweeper fleet?" PROBE: AND WHICH OTHERS. PROMPT IF NECESSARY

- 1 Aebi & Co. AG
- 2 Applied Sweepers International
- 3 Autobren
- 4 BOSCHUNG HOLDING AG
- 5 Brock Kehrtechnik GmbH
- 6 Bucher/Schorling
- 7 Calabrese
- 8 Dulevo International S.p.A.
- 9 Egholm Maskiner A/S
- 10 Elgin/Ravo/Douglas
- 11 FAUN Municipal Vehicles Ltd
- 12 Frimokar
- 13 Hako Machines Ltd
- 14 Haller Umweltsysteme GmbH & Co.
- 15 Johnston

- 16 Karcher
- 17 Kroll
- 18 Kr-Service Sweeping Machines and Repair GmbH
- 19 Maschinen-Umwelttechnik-Transportanlagen GmbH (M-U-T)
- 20 Mathieu Yno
- 21 Nilfisk Advance
- 22 Ransomes Jacobsen Ltd
- 23 RAVO
- 24 RCM S.p.A
- 25 Scarab
- 26 Schmidt UK Limited
- 27 Schörling-Brock GmbH
- 28 Schwarze Industries Inc.
- 29 Sicas S.p.A.
- 30 Tennant
- 31 Trilety GmbH
- 32 UNIECO
- 33 Zoomlion
- 34 None
- 35 Other Specify_____
- 36 Don't know

ASK ALL

Q9. What are the most important factors you consider when you decide which sweeper to buy? DO NOT PROMPT AND PROBE : And what else? WRITE IN VERBATIM

[TO BE CODED POST INTERVIEW USING CODE FRAME PROVIDED BY CLIENT]

Q10. Which of these is the single most important factor when deciding which sweeper to buy? READ BACK RESPONSES FROM Q9 TO RESPONDENT AND CODE FROM LIST

[TO BE CODED POST INTERVIEW USING CODE FRAME PROVIDED BY CLIENT]

Q11. Who services your existing fleet of sweepers? Is it: READ OUT PROBE FOR EACH AND CODE EACH COMPANY NAME

1. A manufacturer. And what is the name of the Manufacturer?_____
2. A distributor. And what is the name of the Distributor?_____
3. A manufacturer's service representative. And what is the name of the Manufacturers Service representative?_____
4. Your own servicing team
5. An independent servicing company. And what is the name of the Independent servicing company?_____
6. Other Specify_____

Q12. Which of these are your main end-uses for sweepers? READ OUT MULTI CODE ALLOWED

1. Pedestrian walk cleaning
2. Motorway/Dual Carriageway cleaning
3. Runway tarmac cleaning
4. Road cleaning
5. Hire/lease
6. Construction site cleaning
7. Cleaning Parking Areas
8. Other Specify_____

SCRIPT WRITER: ASK Q13-Q16 FOR UP TO 2 MENTIONS AT Q12. IF >2 AT Q12 RANDOM SELECTION. ASK Q13-Q16 FOR 1ST MENTION AND THEN REPEAT FOR 2ND MENTION

Q13. What type of sweeper would you be most likely to buy for **[INSERT CODE AT Q12]** ? Would it be a: READ OUT. SINGLE CODE

1. Sub-compact e.g. less 2m³ capacity and weighing less than 3.5 tonnes
2. Compact e.g. less 2m³ capacity and weighing more than 3.5 tonnes
3. Mid-sized e.g. between 2-5m³ and weighing between 7.5-12 tonnes
4. Truck-mounted e.g. mounted on a donor chassis and over 7.5 tonnes
5. Specialist truck-mounted e.g. tailor made truck mounted sweeper

Q14. And what is the next most likely type of sweeper, if any, that you would buy for **[INSERT CODES AT Q12]**? READ OUT: SINGLE CODE

1. Sub-compact
2. Compact
3. Mid-sized
4. Truck-mounted
5. Specialist truck-mounted
6. None.

Q15. What price would you expect to pay for a **[INSERT CODES AT Q13]** sweeper? PROBE. ADD IF NECESSARY A ROUGH ESTIMATE IS ALL WE REQUIRE

1. Specify _____ GO TO Q16
2. DK GO TO Q17

ASK IF CODE 1-5 AT Q14

Q16. If the price of a new **[INSERT CODE AT Q13]** sweeper rose from **[PRICE AT Q15]** to £ **[COMPUTE PRICE AT Q15 + 5% OF PRICE AT Q15]** but the price of **[INSERT CODE AT Q14]** sweepers was unchanged, would you switch to buying **[INSERT CODE AT Q14]** sweepers instead or would you stick with **[INSERT CODE AT Q13]** sweepers?

1. Yes switch
2. No stick with same
3. Don't know

ASK ALL

Q17. How often do you normally buy sweepers? Is it:

1. At least once a year
2. Once every two years
3. Once every three years
4. Once every four or more years

Q18. Thinking about your last purchase of sweepers. How many of each of these types of sweeper did you buy? WRITE NUMBER IN FOR EACH

SCRIPT WRITER: ONLY SHOW RESPONSES FROM Q5A

sub-compact_____

compact_____

mid-sized_____

truck-mounted_____

specialist truck mounted_____

Q19. And were all of these sweepers manufactured by the same company?

1. Yes
2. No

Q20. Who did you make this last purchase from?

- 1 Aebi & Co. AG
- 2 Applied Sweepers International
- 3 Autobren
- 4 BOSCHUNG HOLDING AG
- 5 Brock Kehrtechnik GmbH
- 6 Bucher/Schorling
- 7 Calabrese
- 8 Dulevo International S.p.A.
- 9 Egholm Maskiner A/S
- 10 Elgin/Ravo/Douglas
- 11 FAUN Municipal Vehicles Ltd
- 12 Frimokar
- 13 Hako Machines Ltd
- 14 Haller Umweltsysteme GmbH & Co.
- 15 Johnston
- 16 Karcher
- 17 Kroll
- 18 Kr-Service Sweeping Machines and Repair GmbH
- 19 Maschinen-Umwelttechnik-Transportanlagen GmbH (M-U-T)
- 20 Mathieu Yno
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- 22 Ransomes Jacobsen Ltd
- 23 RAVO
- 24 RCM S.p.A

- 25 Scarab
- 26 Schmidt UK Limited
- 27 Schörling-Brock GmbH
- 28 Schwarze Industries Inc.
- 29 Sicas S.p.A.
- 30 Tennant
- 31 Trilety GmbH
- 32 UNIECO
- 33 Zoomlion
- 34 AssetCo Municipal
- 35 Douglas Equipment Limited
- 36 Euromec
- 37 Greenman Municipal Ltd
- 38 Paul Reilly
- 39 Richard Rutherford
- 40 Ron Hopkins
- 41 Other Specify_____
- 42 Don't Know

Q21. Which of the following best describes your previous purchasing history with **[INSERT LAST SUPPLIER ANSWER AT Q20]**?

1. We have bought all our sweepers from them
2. We have bought mostly from them
3. We have bought mostly from other suppliers
4. This is the first time we have used them

Q22. Can you tell me if you purchased by tender or negotiation? Which of these best describes the method you used ...

READ OUT

1. Tender with no further negotiation
2. Tender with further negotiation afterwards
3. Negotiate with multiple sellers
4. Negotiate with a single seller
5. Other specify_____

SCRIPT WRITER: SELECT CATEGORY WITH MOST NUMBER OF VEHICLES AT Q18. IF EQUAL NUMBERS RANDOMISE AND ASK Q23-29 FOR MAXIMUM CATEGORY SELECTED

Q23a. Thinking only about the **[INSERT MAX AT Q18]** sweeper(s) you bought, how many suppliers did you seek prices or bids from when you last bought this type of sweeper?

Specify_____

Q23b How many other suppliers in the UK do you think could have realistically met your requirements for **[INSERT MAX AT Q18]** sweepers?

Number_____

Q24. Did you consider any brands supplied and distributed from outside the UK for your purchase of **[INSERT MAX AT Q18]** sweepers?

1. Yes
2. No

Q25. How many other suppliers outside the UK do you think could have realistically have met your requirements for **[INSERT MAX AT Q18]** sweepers?

Number_____

Q26. To what extent are you satisfied or dissatisfied with the number of suppliers that can meet your requirements for **[INSERT MAX AT Q18]** sweepers?

1. Very satisfied
2. Fairly satisfied
3. Neither satisfied nor dissatisfied
4. Fairly dissatisfied
5. Very dissatisfied

Q27. Thinking again about the suppliers you approached for **[INSERT MAX AT Q18]** sweepers including the suppliers you bought from, how many of those actually made realistically competing bids in terms of their overall offering?

Specify_____

Q28. If, for whatever reason, **[LAST SUPPLIER INSERT CODE AT Q20]** was no longer able to provide you with sweepers, how easy or how difficult would it be for you to find another supplier for **[INSERT MAX AT Q18]** sweepers?

1. Very easy
2. Fairly easy
3. Neither easy nor difficult
4. Fairly difficult
5. Very difficult

ANSWER IF CODE 1 OR 2 AT Q28

Q29 Who would your alternative supplier be for [INSERT MAX AT Q18] sweepers?

Specify _____

ASK ALL

Q30a We are going to be asking some respondents who have been interviewed to take part in a more detailed telephone interview with one of our executive staff to explore in more depth some of the areas we have discussed. This should last approximately 30 minutes. Would you be willing to take part in this additional research, if you were asked? Please note we will not be asking everyone to take part so even if you say yes, we may not recontact you.

1. Yes

2. No

ASK ALL

Q30b May I take your name and telephone number for our records?

1. Yes

2. No

Name _____

Telephone number. _____

ANSWER IF CODE 2 AT S1 AND CODE 2 AT Q30a

Q31. You mentioned earlier that you made the decision to purchase sweepers together with other colleagues. Would it be possible to take your colleagues' names so that we can ask them if they are willing to take part?

Name _____

Position _____

Address _____

Telephone No _____

Refused [CODE IF REFUSED AT Q31]

ALL

Finally, on behalf of the Competition Commission and NOP World, I would like to thank you for your time and co-operation.

ADD IF NECESSARY:

If you wish to check NOP's credentials, please call the operator on 100 and ask for Freephone Market Research Society.

APPENDIX 2 – DEPTH TELEPHONE INTERVIEW TOPIC GUIDE

PROJECT SWEEPERS

TOPIC GUIDE (FINAL)

INTRODUCTION

- Introduce self and NOP World
- **As you are aware we are conducting a study on behalf of the Competition Commission relating to the merger between Bucher Industries AG and Johnston Sweepers Limited. The purpose of the research is to explore views of effects of the merger.**
- With your permission I'd like to tape record the conversation.
- Your answers will be kept completely confidential. Your answers will be added to other people's responses and will be anonymous, and you will not be identified with the responses you gave at all.
- We are bound by a code of conduct for the market research industry.
- This interview will only take about 30 minutes. Is it OK to go ahead now?

RESPONDENT INTRODUCTIONS

- Briefly confirm company background
Confirm job title

A. DECISION MAKING PROCESS

Q1. I'd like to start by understanding the decision making process relating to choice of sweeper ...

1. Beside yourself, who else is involved in the decision to purchase road sweepers within your organisation? (COLLECT JOB TITLES)

FOR EACH PERSON MENTIONED:

2. What level of influence does each participant (including yourself) have on the decision? How much influence do they exert?

PROBE:

- Do they have responsibility for certain aspects of the decision?
- Do different people care about different aspects? e.g. Sweeper specification, budgetary level, servicing/aftercare aspects

IF MORE THAN ONE PERSON INVOLVED:

3. How does this group of people agree on the decisions that must be made?

PROBE:

Do one or two people take the lead or is it by general consensus?

B. LAST PURCHASE

I'd now like to focus on your last sweeper purchase ...

REFER TO DETAILS FROM QUANT. INTERVIEW

1. I understand that your last sweeper purchase was AS APPROPRIATE

CONFIRM Manufacturer, model, sweeper type, etc

[Should be just one coming from quantity survey. Identify if the same one. If same, continue. If not same, please identify.]

2. What made your organisation consider that a new sweeper might be needed?

PROBE:

- Replacement
- New sweeper model available
- New cleaning contract to fulfil
- Other (SPECIFY)

PROMPT:

- Did suppliers/sales rep suggest in any way?

3. Why did you go for this type of sweeper?

(Interviewer note that main types are: walk-behind, sub-compact, compact, mid-size, truck-mounted, specialist truck-mounted)

PROMPT:

- What purpose was it to be used for?

4. Did you seriously consider other types of sweeper you could have used for the same purpose [*walk-behind, sub-compact, compact, mid-size, truck-mounted, specialist truck-mounted*]?

5. I want you to think about your organisation's specific uses for [type of sweeper in purchase] sweepers and tell me which other type of sweeper you could seriously consider using if you could not, for whatever reason, use this type of sweeper?

Probe - Why would use/not use?

6. [Pick another type of sweeper represented in fleet – from quant survey]. Can I just check, you also have [second type] sweepers in your fleet?

Thinking about the work you do with [second type] sweepers, could you realistically use another type of sweeper to do the same work?

IF YES, Identify and go to prompt.

PROMPT:

Do you actually switch them around? Are there problems with doing this?

7. Going back to your last purchase, did you have a preferred supplier in mind when set out to buy the new sweeper?

If YES, Did you have a preferred model in mind from that supplier?

If YES to one or both, please identify **preferred supplier and/or model** for later use.

PROMPT:

Was the make and/or model actually named in your specification, like for example "a Schmidt Swingo or equivalent"?

Identify which one if either.

C. TENDER/NEGOTIATING PROCESS

1. Can I just check, did you put your purchase out to formal tender or did you negotiate with suppliers from the beginning?

IF TENDER ISSUED

Now can we talk a bit more about the tender.

2. How many companies actually submitted tenders? Who were they?
[list]

PROMPT:

- How many of these were manufacturers, distributors, dealers, and others?
 - How many different (distinct) makes and models were included in all the bids you received?
 - **Any new suppliers (new to the market)**
 - **Any foreign suppliers you could seriously consider**
 - Any suppliers without UK distribution
3. Were there some suppliers who realistically could have met your needs but did not tender?

IF YES: Who?

Do you know why they did not quote?

IF NEGOTIATION

4. How many different companies did you talk to about this purchase?
5. How many did you actually negotiate with? Who were they? Why these?

PROMPT:

How many were manufacturers, distributors, dealers, and others.

How many different (distinct) makes and models were included in all the bids you received?

- **Any new suppliers (new to the market)**
- **Any foreign suppliers you could seriously consider**

Any suppliers without UK distribution

6. Were there some suppliers that realistically could have met your needs but you did not receive quotes from them?

IF YES: Which?

Why did you not include them?

ASK ALL

IF PREFERRED SUPPLIER AND/OR MODEL IN QB7:

7. Earlier on you told me that when you started the purchase process you had in mind a [preferred supplier and/ or model] sweeper.

How did this, if at all, affect the number of **different suppliers** who made bids or quotes?

How did it affect the number of **different makes** you received bids or quotes for?

[Interviewer note: Suppliers can be manufacturer, distributor and dealers. Makes is only manufacturer.]

IF PREFERRED SUPPLIER AND MODEL:

How did this, if at all, affect the number of **distinct sweeper models** included in the bids or quotes you received?

[Probe: Did it mean you mostly got bids or quotes from different suppliers offering the exact same make and model of sweeper, e.g. Schmidt Swingos?]

D. COMPETITIVENESS OF BIDS

1. What factors did you take into account when assessing the tenders/bids in this purchase?

[Interviewer note: Please let them know we are aware we asked them this question generally in the quantitative survey, but here we would like to know the answer specifically in the context of the last purchase.]

PROMPT:

Price

Level of detail supplied in the bid

Product features

Product quality

Demonstration

Aftercare/after sales service

Previous personal experience of supplier' s reliability

Relationship with sales representative

Experience of sweeper

UK-based distribution/sales network

2. So what was the most important factor in the final choice?

PROBE:

- How important was price?
- Was the lowest price accepted?

- Was a higher-priced bid accepted because it offered better value for money than the lowest-priced bid?

PROMPT:

What are the advantages of an existing supplier with whom you already have a relationship?

3. Thinking about the bids or quotes you received, how competitive were the bids?

PROBE:

Were they similar or were there large differences between them?

IF DIFFERENT: How did they differ?

Interviewer: Try to fit numbers of bids or quotes in grid below:

	High quality	Low quality
High price		
Low price		

4. You mentioned earlier that you bought a [purchased manufacturer] sweeper. Did any of the suppliers bidding or quoting for your last purchase offer sweepers made by other manufacturers? If so, who were these?
5. **IF YES TO Q4:** If, for whatever reason, you could not buy any [purchased manufacturer] sweepers, which other manufacturer's sweepers would you have chosen?

PROMPT:

What problems/issues/concerns would you have had in choosing the second best supplier?

6. Have you in the last 3 years changed the main manufacturer whose sweepers you mostly purchase? If so, why?

PROBE: e.g. price, product features, product quality, service quality, problems with previous supplier

E. SERVICING

Moving on to the servicing of sweepers ...

1. How important was after sales service in your latest purchase decision? How important was spare parts?

PROMPT:

Were either of these deciding factors?

What influence does a UK presence have on the decision?

2. How do you do your servicing - in house, manufacturer, or independent servicer or some mix of these?

IF MIXED: how is it mixed? Reasons.

3. How much choice is there for servicing? What alternative is there to the manufacturer's after sales service ?

4. Given the way you have arranged your servicing, if you wanted to buy a sweeper built by a manufacturer not in your current fleet, would it be easy/difficult to service it?

PROBE:

- Expertise of existing in-house service team to deal with new product,
- Reliability of service provided by manufacturer of previously untried product, etc

F. ROUND UP

1. Is there anything else you would like to add?

If we need to, may we contact you again on this survey to clarify any issues?

Finally, on behalf of the Competition Commission and NOP World, I would like to thank you for your time and co-operation.

THANK AND CLOSE

APPENDIX 3 - COMPETITION COMMISSION LETTER

Purchaser of Road Sweepers

Address

From: Philippa Short
Inquiry Secretary

Direct line: 020 7271 0366

10 May 2005

Dear Sir or Madam:

**BUCHER INDUSTRIES AG / JOHNSTON SWEEPERS LIMITED MERGER
INQUIRY**

OFFICIAL MERGER INQUIRY: YOUR VIEWS ARE IMPORTANT

I am writing to you because one of the road-sweeper manufacturers has told us that your organization purchases sweepers.

If you are not personally involved with the purchase of sweeper equipment please pass this letter immediately to the relevant person in your organization.

There has been a merger of two of the major road sweeper manufacturers: Bucher Industries AG has acquired Johnston Sweepers Limited. The Office of Fair Trading has asked the Competition Commission to look into this merger. The merger could affect you and so your views about the supply of new road sweepers are important to us.

We have contracted the market research company, NOP World, to survey a representative sample of customers in organizations like yours. If your organization is selected, NOP World will be contacting you by telephone in the next two to three weeks with a series of questions. They will ask about your current stock of road sweepers, their size and who manufactured them. They will also ask about your last purchase. It will be helpful if you have these details of your sweeper inventory to hand, in case you are called for an interview.

All the work NOP World carry out is governed by the Market Research Society's Code of Conduct, which means that everything you say will be treated in the strictest confidence. NOP World will ensure that all interviews will be completely confidential - no information that could link responses to you will be passed on to the Competition Commission or to sweeper suppliers.

If you wish to speak to someone at the Competition Commission about this survey please contact me at my telephone number or address on this letter. If you wish to speak to the person in charge of the survey at NOP World please ask for Nicky Brockington on 0207 890 9367. Further details of our inquiry can be seen at our web address: <http://www.competition-commission.org.uk/>

It is very important that every customer whom NOP World telephones takes part in the survey so that we can base our inquiry on a representative sample of customers. I do hope that you will be able to take part if you are contacted.

Yours sincerely

Philippa Short
Inquiry Secretary

Philippa.Short@competition-commission.gsi.gov.uk