

APPENDIX 3.1
(referred to in paragraphs 3.10, 5.1 and 5.23)

The customer survey

Basis of the survey

1. The sample was compiled from customer lists provided by Tiphook and Trailerent. Questionnaires were sent to each of their top 50 customers and a random sample of their other customers. In total 456 questionnaires were sent out.

Response

2. A total of 201 useable responses were returned along with 37 nil returns and 24 who had either gone away or were not involved in trailer rental. This gives a response rate of 51 per cent. For those customers taken from the top 50 customer lists, a response rate of 69 per cent was achieved.

Results

3. This appendix sets out detailed results of the customer questionnaire for the total sample. The responses of the customers taken from the top 50 lists were analysed separately and these results are shown only where they differ from those of the total sample. The sample was drawn solely from Tiphook and Trailerent customer lists and may not therefore be accurately representative of customers who do not use these firms.

4. Customers were asked what their main activities were (Table 1).

TABLE 1 The breakdown of customers by their main activities

	<i>Replies</i>
General haulage (including warehousing)	130
Cold haulage	20
Food manufacturing	12
Other manufacturing	12
Wholesale/retail	8
Importers	1
Others	<u>18</u>
Total	201

5. Customers were asked to provide information about their trailer fleet (Table 2). The total number of trailers of all respondents came to 19,498; almost 60 per cent was accounted for by the large customers. The percentage breakdown of the total shows the make-up of the fleet. The survey was carried out after Christmas and this may explain the relatively low percentage of trailers on transient rental compared with contract because of the seasonal nature of the trailer rental market.

TABLE 2 Breakdown of customers' trailers by type of ownership

	<i>Percentage of trailers</i>
Trailers owned outright	54
Trailers on finance lease	13
Trailers on hire purchase	3
Trailers rented on contract	19
Trailers rented on transient rental	11

6. Customers were asked for what purpose they rented trailers (Table 3).

TABLE 3 Breakdown of customers by reason for trailer rental

	<i>Mentioned by percentage of customers</i>
All their trailer needs	23
To supplement their fleet	67
Certain specialist needs	40
Other purposes	11

Notes:

1. There were four customers who did not answer this question.
2. Respondents can appear in more than one category.

7. Customers were asked about the types of companies from which they rented trailers. In 92 per cent of cases a national firm was given as the principal supplier, the remaining 8 per cent being regional or local firms. When asked about which type of supplier they used occasionally, local firms were then mentioned by 30 per cent of respondents. Local firms were not used by 62 per cent of respondents.

8. Customers from the top 50 customer lists were even less likely to use a local firm as a principal supplier (only two actually did so). However, they were more likely to use a local firm occasionally; 41 per cent did, compared with 30 per cent of the total sample.

9. Customers were asked what they considered to be the advantages of using a national firm. Availability, in terms of both quantity and variety, was mentioned by 75 respondents. Slightly fewer mentioned back-up facilities and a breakdown service as advantages. Of the large customers only one thought that there were no advantages in using a national firm compared with 16 from the rest of the sample.

10. They were then asked what they considered to be the advantages of using a local or regional firm. Personal service and contact were mentioned by 53 respondents, but another 45 considered there to be no advantages.

11. Customers were asked which of a list of factors were essential, important or of little importance to them when considering which rental company to use. The three most important factors were availability, reliability and price. These were considered to be of almost equal importance and were significantly more important than the other factors. Also important were a good relationship with the depot, a local depot, the variety of trailers, and maintenance and back-up service. A national coverage of depots was not considered so important, and depots and a back-up service on the Continent were considered of little or no importance by most respondents.

12. Results for the large customers showed that they thought that a national breakdown service and national coverage of depots were more important than the total sample did and that variety of trailers was less important.

Effects of the merger

13. Customers were asked 'How do you think that a merger between Tiphook and Trailerent would affect you?'. Respondents could tick boxes for:

- no effect
- reduce your choice
- increase your choice
- improve service to you
- reduce the service to you
- reduce prices
- increase prices

Respondents were given the opportunity to state why they thought the above effects might happen and also to make any other comments they would like to make to help us in our inquiry.

14. Overall 38 per cent of respondents thought the merger would have no effect on them. The greater the use respondents made of the trailer rental market (or of trailers), the more likely they were to expect to be affected (see Table 5). About three-quarters of those not currently renting trailers thought it would have no effect on them. Almost half, 46 per cent, of those renting three trailers or less thought that the merger would not affect them, but only 19 per cent of those renting more than 30 trailers thought that they would be unaffected. Also, larger operators were more likely to think that they would be affected, with only a third of operators of 30 or more trailers foreseeing no effect, compared with 42 per cent of those operating less than 30 trailers.

15. We examined whether transient or contract customers thought that they would be most affected (see Table 4). Respondents whose principal supplier was Trailerent were more likely to be affected than those whose principal supplier was CTR (see Table 6).

16. Overall 47 per cent of respondents thought that the merger would have at least one adverse effect on them: either increased prices, reduced service or reduced choice. 4 per cent of respondents mentioned both adverse and beneficial effects resulting from the merger (eg increased prices and increased choice¹). About 18 per cent mentioned a beneficial effect. Overall 42 per cent of respondents thought that prices would rise as a result of the merger, 36 per cent thought that choice would be reduced, and 21 per cent thought that service would be reduced. Of beneficial effects 12 per cent thought that choice would improve, 10 per cent thought that service would improve and 9 per cent thought that prices would decrease.

17. The adverse effects were more likely to be felt by respondents whose principal supplier was Trailerent rather than CTR (54 per cent expected higher prices, and 47 per cent less choice) and by larger customers (47 per cent of respondents using 30 or more trailers expected higher prices and 43 per cent expected reduced choice). Beneficial effects were more likely to be expected by smaller customers and by respondents whose existing principal supplier was CTR.

¹Choice encompasses both selection and availability: of trailer type, of trailer according to manufacturer, of trailer rental operator or locality of depot. Of respondents mentioning reduction in choice, about a third additionally mentioned reduction in number of firms or level of competition as a reason. Of those who mentioned an increase in choice, more than half suggested a bigger fleet as the reason.

TABLE 4 Attitudes of customers by type of rental (transient or contract hire)

Number	<i>per cent</i>			
	<i>Total sample (201)</i>	<i>Using transient alone (68)</i>	<i>Using contract alone (32)</i>	<i>Using transient and contract (64)</i>
<i>No effect</i>	38	35*	38	17
Beneficial effects				
Reduce prices	9	9	10	13
Increase choice	12	16	10	13
Improve service	10	10	8	13
Adverse effects				
Increase prices	42	42	43	56
Reduce choice	36	33	23	59
Reduce service	21	22	17	30

*More than a third of customers who used transient alone and thought they would not be affected were only renting one trailer.

Note: Respondents could give multiple choices, so that sum percentages may exceed 100. One respondent did not give fleet size.

TABLE 5 Attitudes of customers by size of trailer fleet and rental fleet

Number	<i>per cent</i>					
	<i>Using 30 or more trailers (98)</i>	<i>Using less than 30 trailers (102)</i>	<i>Renting more than 30 trailers (42)</i>	<i>Renting 4 to 30 trailers (70)</i>	<i>Renting 1 to 3 trailers (52)</i>	<i>Not currently renting (36)</i>
<i>No effect</i>	31	42	19	21	46	72
Beneficial effects						
Reduce prices	7	11	10	9	12	3
Increase choice	10	15	10	10	22	6
Improve service	12	8	18	6	10	6
Adverse effects						
Increase prices	47	38	50	61	28	19
Reduce choice	43	30	53	55	14	14
Reduce service	24	19	23	38	8	8

Note: Respondents could give multiple choices, so that sum percentages may exceed 100.

TABLE 6 Attitudes of customers according to current principal supplier

Number	<i>per cent</i>			
	<i>Principal supplier TR (68)</i>	<i>TR not principal supplier (130)</i>	<i>Principal supplier CTR (74)</i>	<i>CTR not principal supplier (124)</i>
<i>No effect</i>	24	42	28	40
Beneficial effects				
Reduce prices	9	10	14	7
Increase choice	15	11	13	12
Improve service	7	11	19	4
Adverse effects				
Increase prices	54	37	43	43
Reduce choice	47	31	38	36
Reduce service	28	18	22	21

Note: Respondents could give multiple choices.

18. We also examined the comments that questionnaire respondents made. Of those who thought the merger generally beneficial, the most widespread reasons quoted were a wider choice of depots and trailers, better buying power leading to lower prices and better service and maintenance both nationally and internationally.

19. Respondents who were refrigerated trailer operators were more likely to be critical. The most frequent comments against the merger mentioned the risks of less competition, higher prices, reduced choice and a risk of monopoly or dominance by large players. Several respondents mentioning the increasing concentration of the trailer rental market into fewer large companies specifically referred to the recent acquisitions of Rentco (by Tiphook) and CSL (by TIP). Some respondents mentioned a deterioration of service by CTR since it had acquired Rentco.