

Report

Synovate
Mount Offham
Offham
West Malling
Kent
ME19 5PG

Tel +44 (0)1732 874450
Fax +44 (0)1732 875100
www.synovate.com



synovate

Research reinvented

Salt Merger Inquiry Survey of Vacuum Salt Customers

Prepared for The Competition Commission

Prepared by Synovate

Job number 951975

Date August 2005



Table of Contents

1. Background.....	1
2. Research Methodology	2
3. Definitions and Sample Breakdown	3
3.1 Types of Salt.....	3
3.2 Main Type of Salt / Main Supplier.....	3
4. Summary of Main Findings	5
4.1 Salt Usage	5
4.2 Source of Salt	5
4.3 Contractual Arrangements	5
4.4 Supplier Switching	5
4.5 Volumes & Costs	6
4.6 Pricing Negotiations.....	6
4.7 Price Sensitivity	6
5. Current Salt Purchase.....	7
5.1 Types of Salt Purchased.....	7
5.2 Source of Current Salt Purchase	9
5.3 Bulk and Bagged Salt	11
6. Supplier Relationships	12
6.1 Length of Relationship	12
6.2 Reasons for Choosing Current Main Supplier	14
6.3 Alternative Suppliers.....	15
6.4 Suppliers Stopped Using	16
6.5 Importance of Factors in Supplier Choice.....	18
6.6 Contractual Arrangements.....	19
6.7 Contract Renewal	20
7. Volumes and Pricing	24
7.1 Current Purchase Volume	24
7.2 Current Price.....	26
7.3 Transport Costs	28
7.4 Negotiation.....	29
7.5 Pricing Changes & Price Sensitivity.....	30
8. Imported Salt.....	36
9. Physical Properties of and Alternatives to Salt	39
9.1 Physical Properties	39
9.2 Alternatives to Salt.....	40
10. Importance of Salt in Business.....	43
10.1 Importance of Salt as Percentage of Operating Cost.....	43
10.2 Importance of Salt in Production Processes	44
Appendix 1 – Questionnaire.....	45
Appendix 2 – Text Of Introductory Letter	69

1. Background

The Competition Commission (CC) is an independent public body charged with the responsibility to conduct in-depth inquiries into mergers, markets and the regulation of the major regulated industries, undertaken in response to a referral made to it by another authority.

Following a referral from the Office of Fair Trading (OFT), the CC conducted an inquiry into the completed acquisition by British Salt of New Cheshire Salt Works that reduces the number of British producers of vacuum salt from three to two.

As part of this inquiry, research was undertaken to gain an understanding of customer behaviour within the market, in terms of:

- Understanding purchase behaviour
- Understanding the context of salt purchase
- Identifying factors influencing choice of salt source
- Identifying volume purchased and price paid
- Measuring price sensitivity and switching behaviour

2. Research Methodology

The research was conducted via structured telephone interviews with industrial customers of salt, specifically with the person responsible for purchasing salt for the company. A copy of the questionnaire can be seen in Appendix 1.

The sample was provided by the CC, and comprised customer lists provided by the main UK salt producers. Initially, a letter was sent by Synovate, on behalf of the CC, to all contacts on the customer lists. This letter advised that the research was taking place, explained the purpose and subject areas of the research and requested participation from the contact if at all possible (a copy of this letter can be seen in Appendix 2).

The telephone interviews were then conducted via CATI (Computer Assisted Telephone Interviewing) from Synovate's centralised telephone centre. Fieldwork took place between 1st – 22nd July 2005, and a total of 516 interviews were completed.

The achieved sample reflects the telephone contact information provided by the three main UK suppliers for their customers - as a result fewer Salt Union customers were included than might have been expected. All percentages within this report relate to this sample of respondents only – no weighting has been applied to the data.

3. Definitions and Sample Breakdown

3.1 Types of Salt

In the introductory letter, respondents were given a list of definitions of types of salt that were used throughout the interview. These were repeated within the interview, and the relevant abbreviations are used within this report.

- **Undried Vacuum (UV)** salt, that is “wet salt” which includes Standard UV, Pad or Vacuum Road Salt
- **Pure Dried Vacuum (PDV)** salt, that is “dry salt” which includes Standard and Iodised PDV and Industrial Vacuum Salt (IVS)
- **Tablet or Granular salt**, that is compacted dry salt for water conditioning, for example Aquasol, Glacia Granulite, Selvasoft and Hydrosoft¹
- **Pharmaceutical grade salt**, which includes the Arisal brand
- **Other salt**, which includes solar or sea salt

3.2 Main Type of Salt / Main Supplier

After initial questions about the types of salt purchased, and the source of purchase, respondents were asked to focus only on one type of salt, and their main supplier for that type of salt, for the remainder of the survey questions.

In order to maximise the number of respondents focussing on each type of salt where possible, the questionnaire routed in different ways depending on the types of salt purchased. The types of salt known to have smaller market shares were given priority, such that, if used, the respondent was asked to focus on this type. The order of priority was as follows:

- Pharmaceutical (if used)
- Undried Vacuum Salt (if used)
- Main type selected at earlier question

This led to the following sample breakdown in terms of main type of salt purchased.

Table 1: Sample Breakdown by Main Type of Salt

Type of Salt	Those coding as main type
PDV	345
Tablet / Granular	108
UV	37
Pharmaceutical	12
Other	14

¹ Tablet / Granular salt is also referred to as compacted salt by the CC. Throughout this report, this type of salt is referred to as “Tablet”.

Due to the low number of respondents within the sample using UV, Pharmaceutical and Other salt, results are only reported for PDV and Tablet (however, data is available for all types of salt).

Once the main type of salt was set, the main supplier was set as the main supplier selected for that particular type of salt. If the respondent did not know the main supplier, a referral to another respondent within the company was taken, or the first supplier mentioned at the usage question was set as the main supplier.

This led to the following sample breakdown in terms of main supplier used.

Table 2: Sample Breakdown by Main Salt Supplier

Supplier	Main Supplier
British Salt	215
New Cheshire Salt Works	152
Salt Union	83

Within the charts used in this report, a circled figure indicates that it is statistically significantly different from the result for the other subgroups. For example, a circled figure for those mainly supplied by British Salt would indicate that it is significantly different from the results for those mainly supplied by NCSW and Salt Union.

4. Summary of Main Findings

It should be borne in mind throughout this report that the results given do not fully represent the salt market as a whole, but rather the sample interviewed, which is based on the telephone contact information provided by the three main UK suppliers in the market.

4.1 Salt Usage

- Within the interviewed sample, PDV salt is bought by the majority, in the main for water softening and food purposes.
- Tablet salt is bought by 2 in 5 respondents, mainly for water softening or resale/distribution purposes.
- UV, Pharmaceutical and other types of salt are bought by significantly fewer respondents.

4.2 Source of Salt

- Salt is predominantly bought directly from suppliers by those interviewed, and British Salt is the main supplier for 2 in 5.
- Relationships with suppliers tend to be quite longstanding, and are initially set up on the basis of low price (which together with reliable delivery are stated as the most important selection criteria for a supplier of salt).

4.3 Contractual Arrangements

- Salt tends to be bought on an ad hoc basis, particularly Tablet salt. 1 in 10 PDV users have a call off agreement for salt.
- An average of 2 quotes are received for contract renewals – the number of quotes increases by size of customer, as Salt Union tends to provide more quotes to larger companies.
- Very few companies fail to provide quotes if requested.

4.4 Supplier Switching

- 1 in 5 respondents have stopped using one or more suppliers / distributors in the past 3 years – New Cheshire Salt Works (NCSW) and Salt Union customers being most likely to move away from British Salt, and British Salt customers away from Salt Union.
- NCSW is considered less of an alternative amongst larger salt customers.

- Two thirds of respondents felt it would be easy to switch their salt purchases to a different British supplier, but were more resistant to the idea of switching to imported salt.

4.5 Volumes & Costs

- Smaller volumes of salt are purchased from NCSW than British Salt or Salt Union by the respondents.
- British Salt has the lowest average cost per delivered tonne.
- Costs of transport tend to be bundled into the product costs.

4.6 Pricing Negotiations

- Respondents stated they would tend to negotiate the price of salt, rather than simply paying list price.
- Negotiation was significantly more likely to be conducted by larger customers and Salt Union customers, who also felt they were successful in gaining a reduced price.

4.7 Price Sensitivity

- Almost two thirds of respondents were faced with a price increase in the past 12 months, explained in the main by increasing gas / fuel costs.
- Around half tried to negotiate the price down, but the majority ended up paying an increase.
- This increase tended to be less than proposed, although only a third of respondents claimed to be successful in their price negotiations.

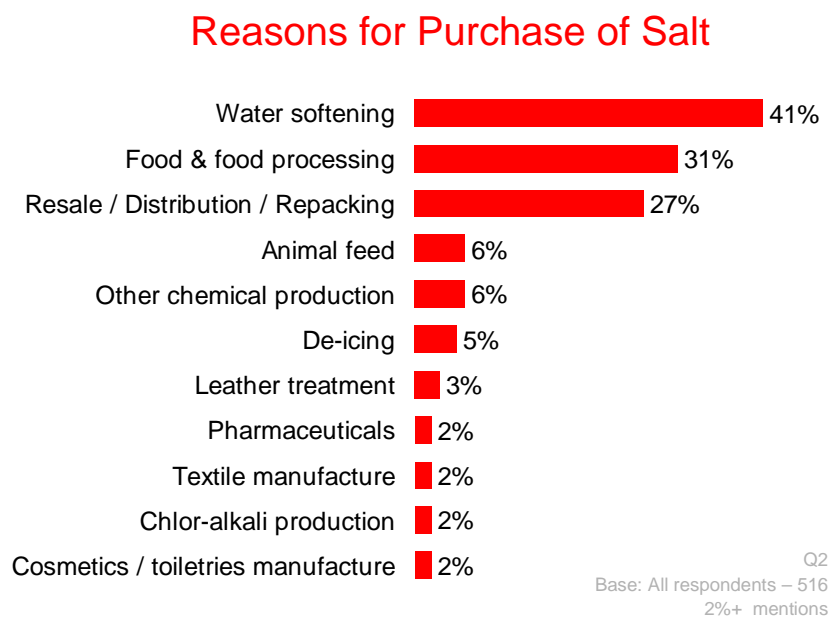
5. Current Salt Purchase

5.1 Types of Salt Purchased

Initially, respondents were asked for what purposes they currently bought salt – this was not linked to the type of salt that they purchased.

The main reasons for the purchase of salt within the interviewed sample were threefold – water softening (four in 10), food processing (three in 10) and resale, packing or distribution (three in 10). Other purposes for salt purchase cut through at much lower levels.

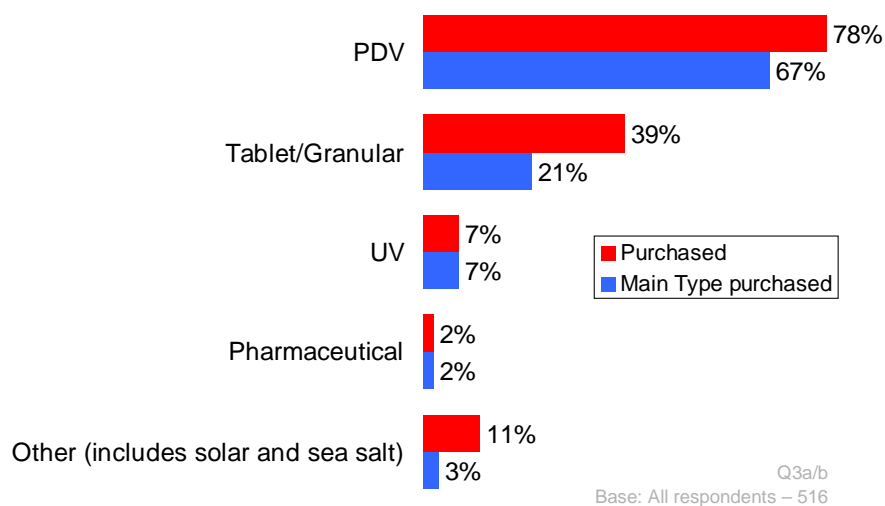
Chart 1



The majority of respondents purchased PDV salt, with almost four in five purchasing it, and two-thirds stating it to be the main type of salt they purchase in expenditure terms. Two in five purchased Tablet salt, although only one in five stated this to be their main type of salt. Other types of salt were purchased by a minority of respondents.

Chart 2

Types of Salt Purchased

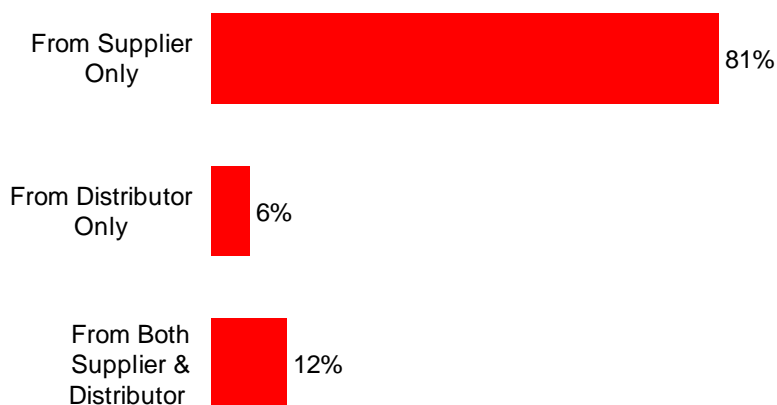


5.2 Source of Current Salt Purchase

Respondents were initially asked whether they purchased salt directly from a supplier or indirectly via a distributor. The vast majority bought directly from a supplier, with less than one in 10 buying only from distributors (although this reflected the nature of the sample, being primarily customers of salt producers).

Chart 3

Source of Salt Purchase



Q4
Base: All respondents – 516

Respondents were then asked from which suppliers and / or distributors they bought each type of salt purchased. British Salt came through as the leading supplier for both PDV and Tablet salt.

Table 3: Source of Salt Purchase by Type of Salt Purchased

Supplier	PDV		Tablet	
	All Sources	Main Source	All Sources	Main Source
British Salt	48%	42%	39%	37%
NCSW	29%	25%	28%	25%
Salt Union	22%	19%	17%	16%
Any Distributor	14%	8%	15%	10%
<i>Base: All Purchasing</i>	402		202	

On average, respondents were using between one and two sources for salt purchase.

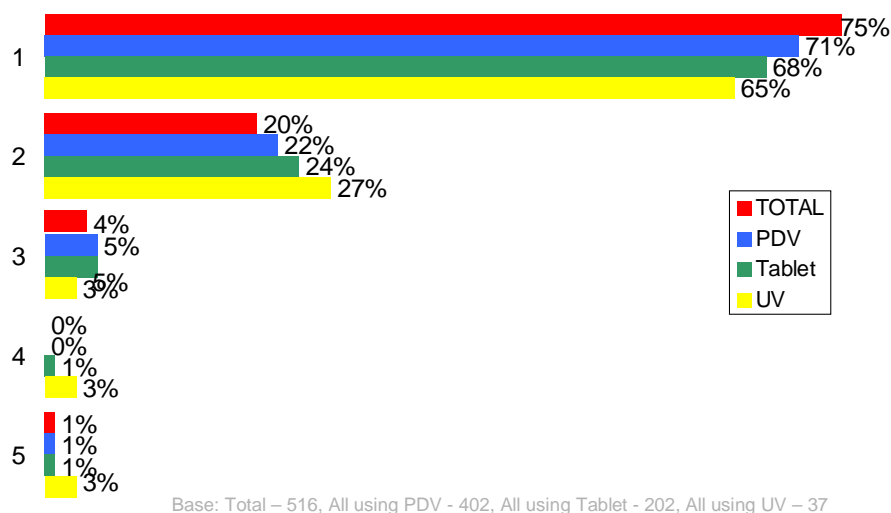
Table 4: Average Number of Suppliers by Type of Salt Purchased

Type of salt	Average number of suppliers	Base: Those buying type
PDV	1.2	402
Tablet	1.1	202
UV	1.3	37
Pharmaceutical	1.2	12
Other	1.2	55

Overall, 25% of respondents use two or more suppliers – UV users were more likely to use multiple suppliers.

Chart 4

Number of Suppliers Used

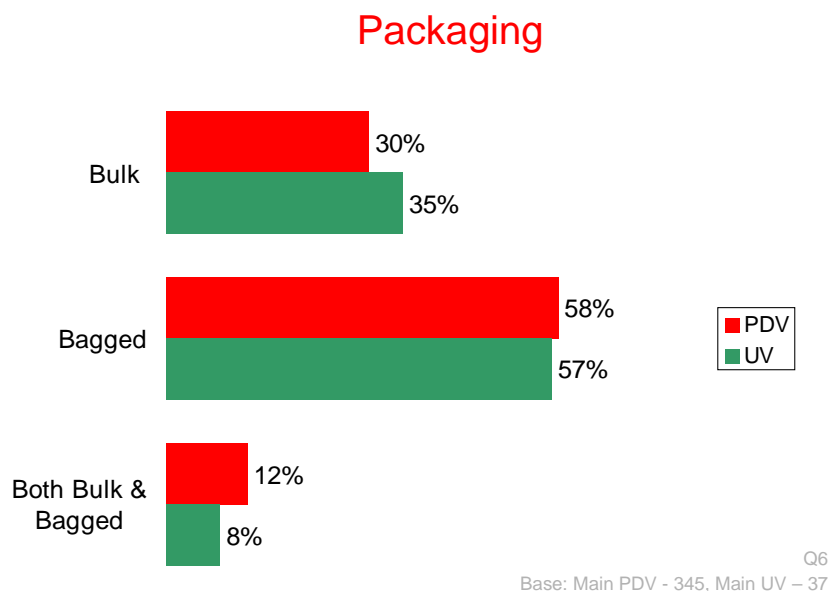


5.3 Bulk and Bagged Salt

Respondents whose main type of salt was PDV, UV or other were asked whether they bought salt in bulk or in bags – it was already known that those using Tablet or Pharmaceutical salt as their main type would be purchasing bagged salt.

Around three in 10 main PDV and UV users purchased their salt in bulk, whilst six in 10 bought bagged. The remainder bought a combination of bulk and bagged salt.

Chart 5



Amongst those buying both bulk and bagged salt, there was an even split between those having a separate contract for each type of packaging, and those having a single contract covering both types. Although not significant due to small base sizes, main Salt Union customers were more likely to have a single contract.

6. Supplier Relationships

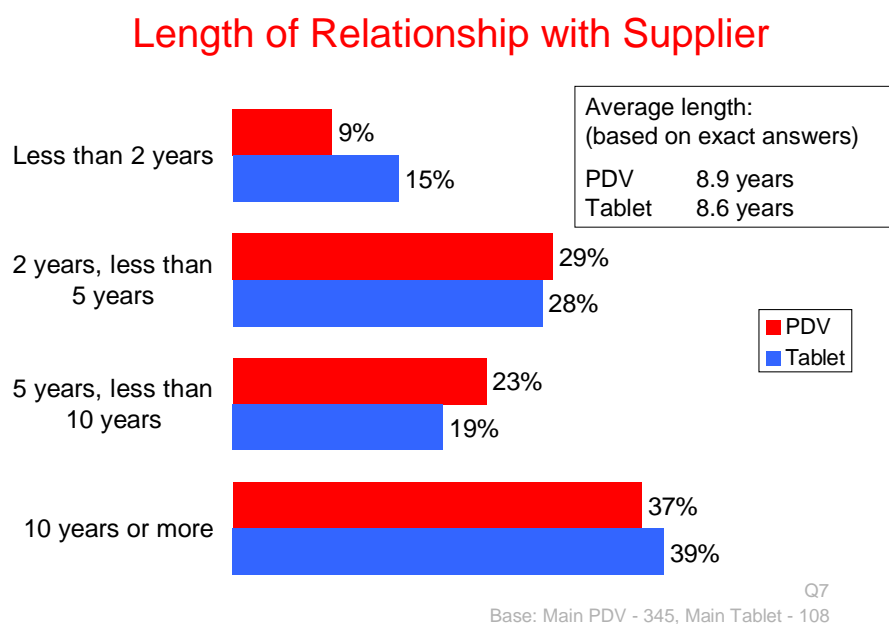
From this point forward, all results are based on the main type of salt purchased, and the main supplier it is purchased from, as outlined in Section 3.2.

6.1 Length of Relationship

Respondents were asked for how long they had been purchasing their main type of salt from their main supplier. They were asked to give an exact answer, but were prompted with bands if they could not give an exact figure. The chart below shows the combination of both unprompted and prompted answers, whilst the average is calculated using only the exact answers.

The results of this question showed that supplier relationships tend to be quite longstanding, with an average of around nine years.

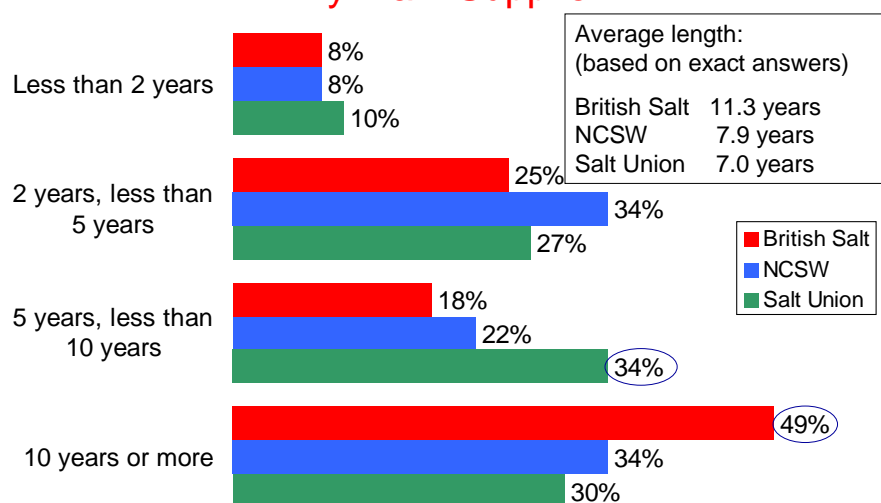
Chart 6



When this is analysed by the current main supplier, it can be seen that British Salt customers were likely to have had significantly longer relationships than those of NCSW or Salt Union.

Chart 7

Length of Relationship with Supplier – By Main Supplier



Q7
Base: Main British Salt – 215, Main NCSW – 152, Main Salt Union – 83

Similarly, larger customers were more likely to have longer standing relationships.

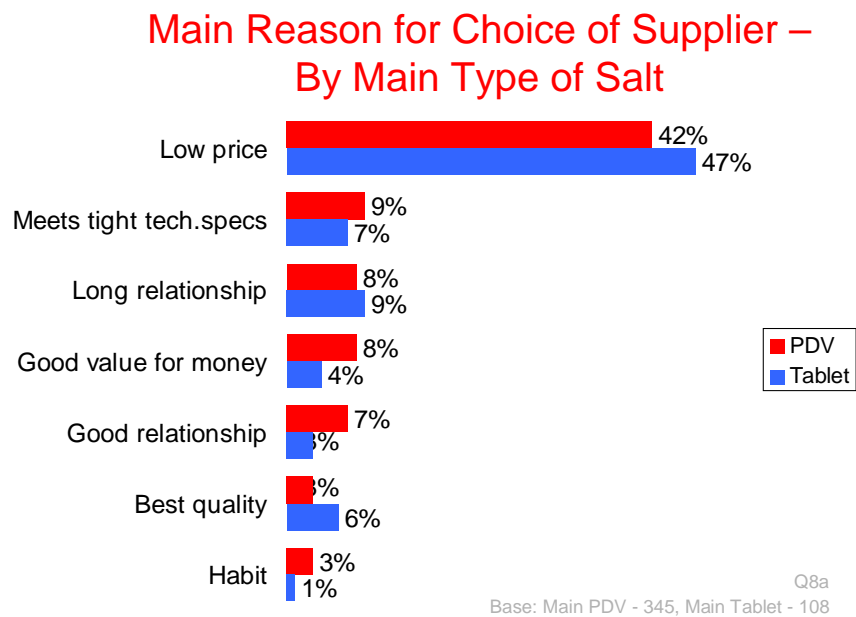
Table 5: Length of Relationship with Supplier by Size of Customer

	Size of Customer					
	<10 tonnes	10-49 tonnes	50-149 tonnes	150-399 tonnes	400-399 tonnes	1000+ tonnes
Less than 2 years	15%	13%	6%	6%	12%	5%
2 years, less than 5 years	30%	29%	26%	37%	24%	23%
5 years, less than 10 years	26%	15%	27%	18%	27%	23%
10 years or more	29%	41%	40%	37%	35%	48%
Average Length (based on exact answers)	6.3	9.3	9.0	9.3	8.7	10.9
<i>Base</i>	86	126	108	83	49	56

6.2 Reasons for Choosing Current Main Supplier

When asked what the one main reason for using their main supplier was, the majority of respondents stated low price as being the strongest motivator.

Chart 8



This was significantly more likely to be the case for main customers of Salt Union (55% endorsing low price) than the other suppliers (British Salt 35%, NCSW 44%).

6.3 Alternative Suppliers

Respondents were asked about alternatives to their current main supplier – if their current main supplier for their main type of salt was no longer able to supply them for any reason, they were asked which one supplier they would use instead.

For PDV salt, British Salt customers were most likely to consider Salt Union as an alternative, whilst main customers of NCSW and Salt Union were most likely to consider British Salt. The following table shows the supplier alternatives given by more than one or two respondents.

Table 6: Alternative Suppliers Considered by Current Supplier – PDV Salt

Alternatives to Current Supplier		Current Supplier		
		British Salt	NCSW	Salt Union
	British Salt	N/A	51	38
	NCSW	25	N/A	7
	Salt Union	41	9	N/A
	Akzo Nobel	11	1	3
	ANY Distributor	13	2	4
	Don't know	46	27	13
	<i>(Base: Those who use as current main PDV supplier)</i>	<i>147</i>	<i>97</i>	<i>66</i>

A very similar result was seen for Tablet salt, with British Salt customers most likely to consider Salt Union as an alternative.

Table 7: Alternative Suppliers Considered by Current Supplier – Tablet Salt

Alternatives to Current Supplier		Current Supplier		
		British Salt	NCSW	Salt Union
	British Salt	N/A	15	4
	NCSW	3	N/A	0
	Salt Union	9	2	N/A
	Akzo Nobel	3	1	0
	ANY Distributor	4	1	1
	Don't know	23	10	1
	<i>(Base: Those who use as current main Tablet supplier)</i>	<i>47</i>	<i>35</i>	<i>8</i>

6.4 Suppliers Stopped Using

Respondents were also asked whether there were any suppliers of their main type of salt that they had stopped using in the past three years. Only approximately one in five respondents had ceased using a supplier.

Amongst those who had stopped using suppliers, NCSW & Salt Union customers were most likely to have stopped using British Salt, whilst British Salt users were most likely to have ceased use of Salt Union.

Table 8: Suppliers Stopped Using in Past 3 Years by Current Supplier

Suppliers Stopped Using	<i>(NB – respondents could mention more than one supplier / distributor if relevant)</i>	Current Supplier				Total Stopped Using
		British Salt	NCSW	Salt Union	Other	
British Salt	N/A	7	9	6	22	
NCSW	6	N/A	2	2	10	
Salt Union	14	2	N/A	5	21	
Akzo Nobel	7	1	2	3	13	
ANY Distributor	7	2	5	0	14	
	<i>(Base: Those using as current main supplier & stopped using other(s) in past 3 years)</i>	40	18	21	16)	

Price is the dominant reason for ceasing to use suppliers.

Table 9: Reasons for Stopping Use of Supplier by Supplier Stopped Using

	British Salt	Salt Union	Akzo Nobel	NCSW
Price (too expensive / cheaper price from competitor)	16	17	8	8
Delivery problems	2	2	4	1
Did not meet technical specification	2	2	1	-
Poor quality / damaged goods	2	1	-	-
Moved office / closed local office	-	-	4	-
Poor relationship management	-	-	2	-
They were taken over / merged with another company	-	-	-	1
<i>(Base</i>	<i>22</i>	<i>21</i>	<i>13</i>	<i>10)</i>

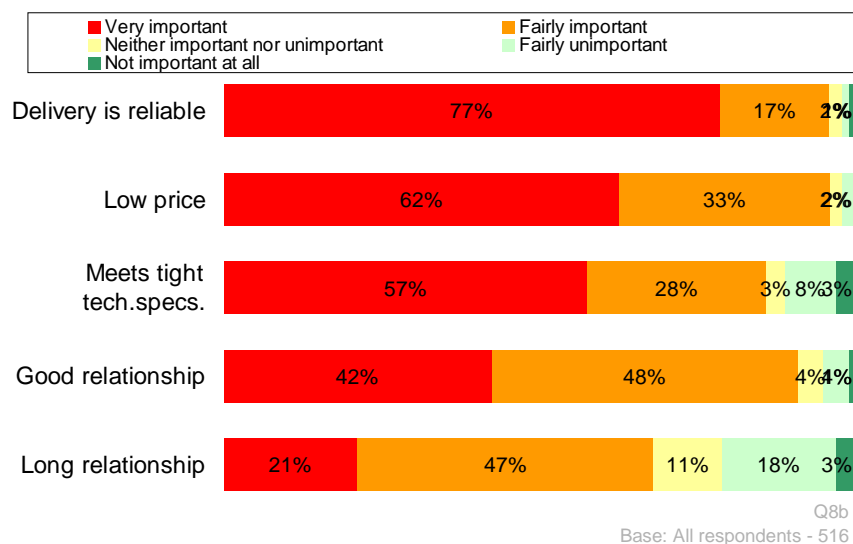
6.5 Importance of Factors in Supplier Choice

Respondents were asked to rate a number of factors which might influence their choice of a supplier of salt, on a 5-point scale from very important to not important at all.

Low price again cut through as being very important, together with reliable delivery, as factors in choosing a salt supplier.

Chart 9

Importance Factors in Supplier Choice – Total



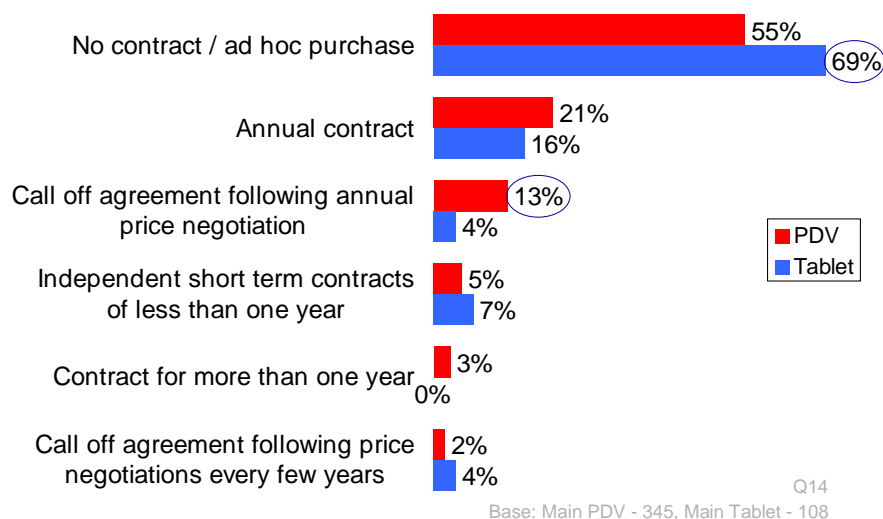
When these factors are compared by current main supplier, Salt Union customers were significantly more likely than those of British Salt or NCSW to state that reliable delivery is an important factor in supplier choice (88% very important vs. 76% British Salt and 74% NCSW).

6.6 Contractual Arrangements

Within the interviewed sample, salt was most likely to be bought on an ad hoc basis without a formal contract. This was significantly more the case amongst main Tablet users.

Chart 10

Normal Contractual Arrangements



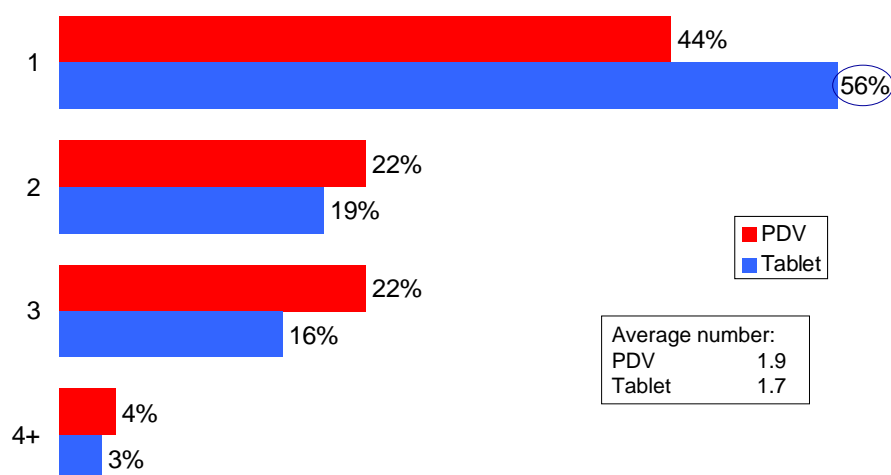
When size of customer is taken into account, smaller customers were significantly more likely to purchase without a contract – 87% of those purchasing less than 10 tonnes annually bought ad hoc, compared to only 25% of those purchasing more than 1000 tonnes annually. The largest customers were more likely to have a call off arrangement following annual price negotiations for the purchase of salt.

6.7 Contract Renewal

Respondents were asked a series of questions regarding the procedure when they look to renew their contract or place a significant order for their main type of salt. Initially they were asked how many quotes they typically received – this included their current main supplier for that type of salt. On average, 2 quotes were received for both PDV and Tablet salt.

Chart 11

Number of Quotes Received for Contract Renewal / New Order (Including Current Supplier)



Q15a
 Base: Main PDV - 345, Main Tablet - 108

The number of quotes received increased with the size of the customer.

Table 10: Average Number of Quotes by Size of Customer

Size of Customer	Average Number of Quotes
<10 tonnes	1.4
10-49 tonnes	1.6
50-149 tonnes	1.8
150-399 tonnes	2.0
400-999 tonnes	2.2
1000+ tonnes	2.3

Respondents were then asked which companies normally submitted bids or provided quotations at this contract renewal point, and which companies provided competitive quotes.

Looking first at PDV salt, it can be seen that Salt Union in particular and also Akzo Nobel tended to make more quotes for larger customers, whilst British Salt & NCSW quoted across customer size.

Table 11: Suppliers Quoting for Contracts by Size of Customer – PDV Salt

	TOTAL	<20 tonnes	25-99 tonnes	100-199 tonnes	200-999 tonnes	1000+ tonnes
British Salt	77%	71%	77%	83%	74%	81%
NCSW	60%	68%	70%	52%	62%	47%
Salt Union	47%	25%	40%	38%	57%	66%
Akzo Nobel	10%	4%	7%	10%	11%	19%
ANY Distributor	19%	14%	7%	31%	21%	22%
<i>Base</i>	<i>168</i>	<i>28</i>	<i>30</i>	<i>29</i>	<i>47</i>	<i>32</i>

Within these quotes, quotes made to smaller customers by Salt Union tended to be less competitive. Quotes given by British Salt and NCSW were more likely to be competitive across size.

Table 12: Proportion of Quotes Provided That Were Competitive by Size of Customer – PDV Salt

	TOTAL	<20 tonnes	25-99 tonnes	100-199 tonnes	200-999 tonnes	1000+ tonnes
British Salt	69%	60%	83%	46%	77%	73%
NCSW	77%	68%	81%	93%	76%	67%
Salt Union	67%	29%	67%	82%	78%	57%
Akzo Nobel	53%	100%	100%	67%	40%	33%
ANY Distributor	56%	75%	100%	56%	20%	71%
<i>Base</i>	<i>168</i>	<i>28</i>	<i>30</i>	<i>29</i>	<i>47</i>	<i>32</i>

For Tablet salt, the base sizes are very low, so results are directional only. British Salt seemed to quote for the majority of Tablet salt tenders.

Table 13: Suppliers Quoting for Contracts by Size of Customer – Tablet Salt

	TOTAL	<20 tonnes	25-99 tonnes	100-199 tonnes	200-999 tonnes	1000+ tonnes
British Salt	33	11	10	5	4	3
NCSW	15	8	3	1	3	0
Salt Union	9	2	2	3	2	0
Akzo Nobel	5	2	1	1	0	1
ANY Distributor	7	1	3	0	2	1
<i>Base</i>	<i>40</i>	<i>15</i>	<i>10</i>	<i>7</i>	<i>4</i>	<i>3</i>

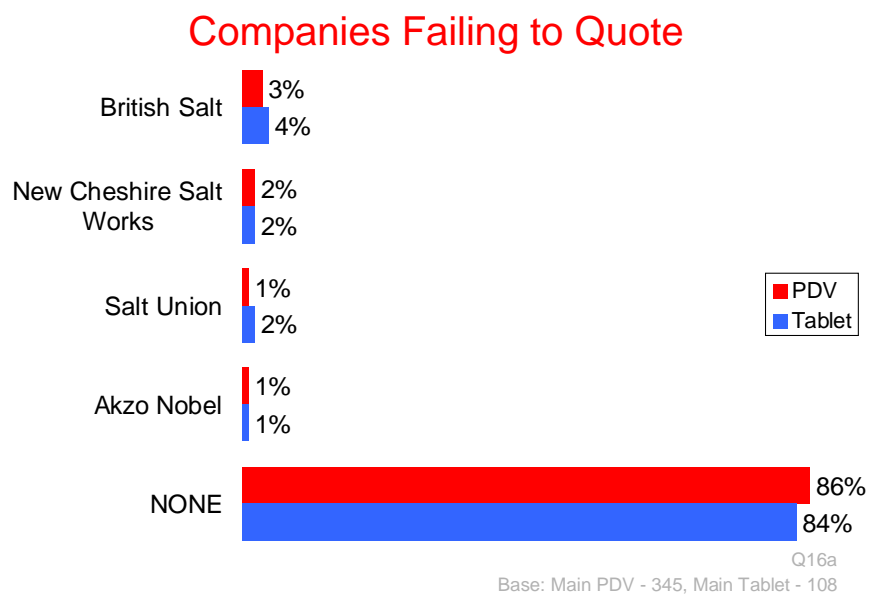
Again, although base sizes are low, within these Tablet salt quotes, similar proportions of each customer size regarded the quotes provided by British Salt as competitive.

Table 14: Proportion of Quotes Provided That Were Competitive by Size of Customer – PDV Salt

	TOTAL	<20 tonnes	25-99 tonnes	100-199 tonnes	200-999 tonnes	1000+ tonnes
British Salt	67%	55%	90%	60%	25%	100%
NCSW	60%	63%	67%	100%	33%	0%
Salt Union	44%	50%	0%	100%	0%	0%
Akzo Nobel	40%	0%	100%	0%	0%	0%
ANY Distributor	57%	0%	67%	0%	50%	100%
<i>Base</i>	<i>40</i>	<i>15</i>	<i>10</i>	<i>7</i>	<i>4</i>	<i>3</i>

Finally, respondents were asked whether there were any companies that had failed to respond to a bid or quotation in the past three years. Very low levels of failure to quote were seen – in fact, no distributors had failed to quote.

Chart 12



7. Volumes and Pricing

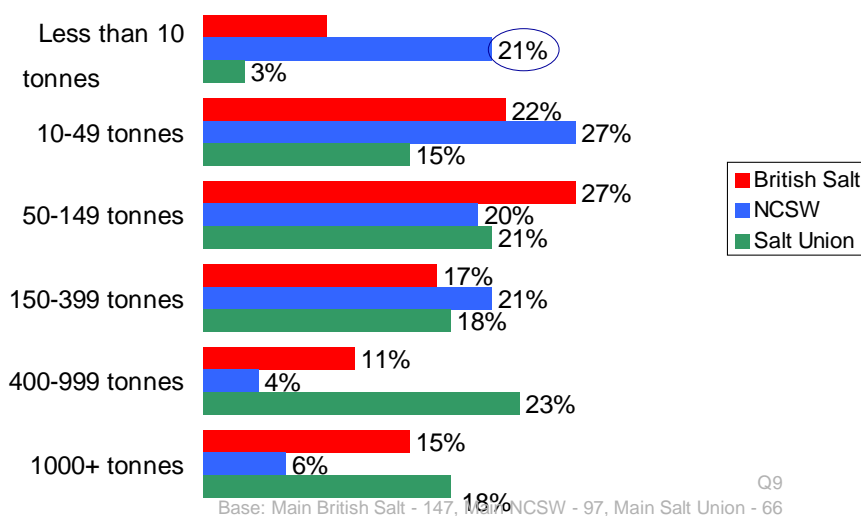
7.1 Current Purchase Volume

Respondents were asked to state approximately how many tonnes of their main type of salt they had purchased in the preceding 12 months. This question was asked in terms of an exact number, and if respondents could not give this, they were prompted with bands. Averages have been calculated using the exact answers only to be more accurate.

Main PDV users purchased significantly smaller volumes of salt from NCSW than from British Salt or Salt Union.

Chart 13

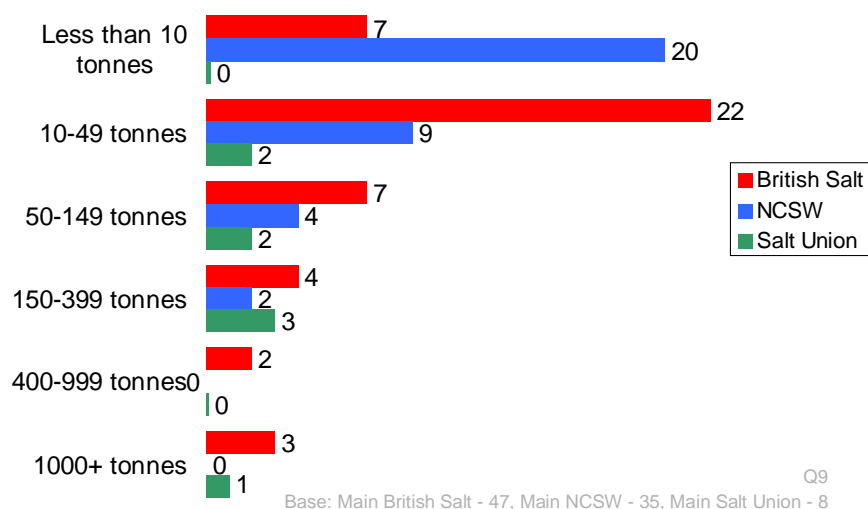
PDV Purchase Volume Last 12 Months – By Main Supplier



Similarly, main Tablet users purchased smaller volumes from NCSW than from British Salt or Salt Union.

Chart 14

**Tablet Purchase Volume Last 12 Months –
By Main Supplier (Counts: Low Base)**



Overall average volume purchased reflected this finding.

Table 15: Average Volume Purchased from Main Supplier by Main Type of Salt

	PDV (tonnes)	Tablet (tonnes)
British Salt	519	153
NCSW	193	34
Salt Union	801	1050

7.2 Current Price

Respondents were asked to give the approximate cost per delivered tonne of the main type of salt purchased.

Initially looking at the average cost by type of salt, it can be seen that Tablet salt was more expensive than PDV across all main suppliers, and by approximately the same amount. On average, British Salt had the lowest cost for both PDV and Tablet salt.

Table 16: Average Price Paid per Tonne to Main Supplier by Main Type of Salt

	PDV	Tablet
British Salt	£95	£134
NCSW	£114	£159
Salt Union	£102	£143

This information can also be broken down to look at the cost of salt depending on the size of customer. Although base sizes are small, a general pattern can be identified that the cost of salt tended to decrease for larger customers. The following three tables illustrate this for the three main suppliers – base sizes do not allow this to be split further by type of salt.

Table 17: Cost of Delivered Tonne of Salt From British Salt by Size of Customer

	<10 tonnes	10-49 tonnes	50-149 tonnes	150-399 tonnes	400-999 tonnes	1000+ tonnes
Less than £60	3	4	4	10	7	8
£60 - £79	1	0	9	8	4	8
£80 - £99	2	7	12	5	2	6
£100 - £119	3	12	6	3	2	1
£120 - £139	1	7	4	2	2	0
£140 - £199	8	10	4	0	0	1
£200 +	1	2	3	3	1	1
Average Cost	£126	£116	£102	£88	£83	£75
<i>Base</i>	<i>22</i>	<i>58</i>	<i>50</i>	<i>34</i>	<i>20</i>	<i>28</i>

Table 18: Cost of Delivered Tonne of Salt From NCSW by Size of Customer

	<10 tonnes	10-49 tonnes	50-149 tonnes	150-399 tonnes	400-999 tonnes	1000+ tonnes
Less than £60	2	2	0	1	1	2
£60 - £79	3	5	5	3	2	1
£80 - £99	0	5	8	7	0	1
£100 - £119	1	6	0	3	1	0
£120 - £139	8	3	3	4	0	0
£140 - £199	13	6	2	2	0	0
£200 +	14	5	1	0	0	3
Average Cost	£153	£127	£100	£106	£75	£135
<i>Base</i>	<i>51</i>	<i>40</i>	<i>24</i>	<i>22</i>	<i>6</i>	<i>7</i>

Table 19: Cost of Delivered Tonne of Salt From Salt Union by Size of Customer

	<10 tonnes	10-49 tonnes	50-149 tonnes	150-399 tonnes	400-999 tonnes	1000+ tonnes
Less than £60	0	0	3	3	2	3
£60 - £79	1	0	3	5	6	5
£80 - £99	0	3	2	3	4	3
£100 - £119	1	1	5	0	0	0
£120 - £139	0	1	0	1	0	1
£140 - £199	0	1	1	1	0	0
£200 +	0	3	4	3	3	2
Average Cost	£90	£138	£115	£100	£95	£91
<i>Base</i>	<i>2</i>	<i>12</i>	<i>18</i>	<i>18</i>	<i>17</i>	<i>15</i>

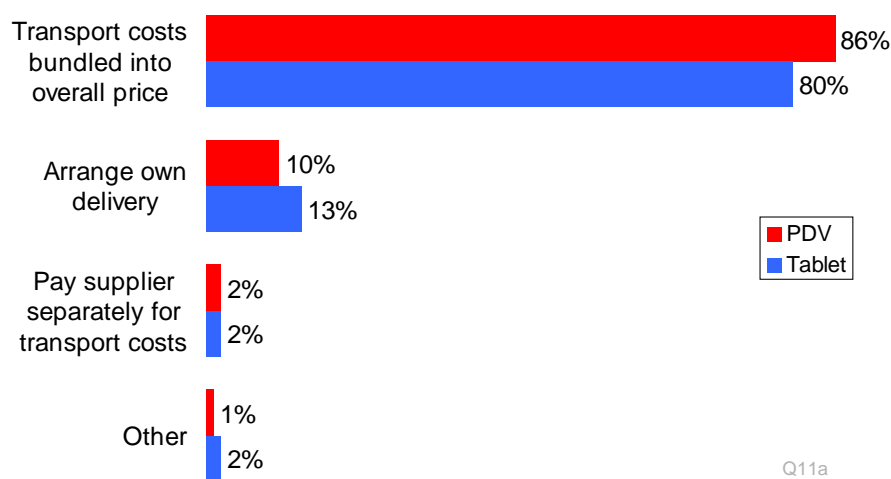
Although not significant, cost per delivered tonne seems to be higher in the South East (£125) than the North West (£117) or Scotland (£107).

7.3 Transport Costs

Respondents were asked how they paid for the transportation of their main type of salt from the supplier. The majority of respondents stated that transport costs are bundled into the overall price of the salt.

Chart 15

Method of Payment for Transport Costs



Q11a
Base: Main PDV - 345, Main Tablet - 108

Respondents were then asked whether they were aware of the actual cost of transportation – less than one quarter (23%) said that they were. Amongst those who were aware of the costs, the average cost varied widely depending on the method of payment.

Table 20: Average Cost of Transport Costs by Method of Payment for Transport

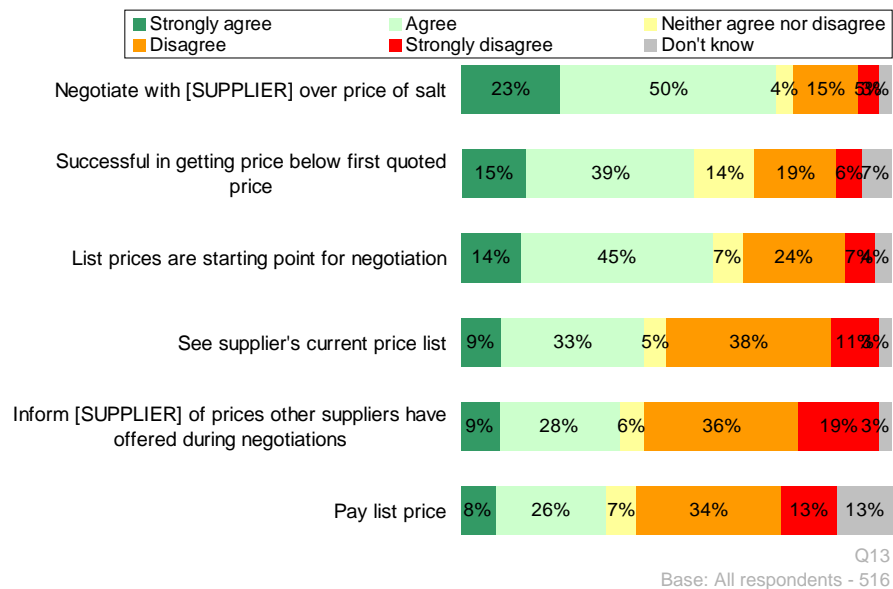
	Average cost per tonne	Base: Those aware of transport costs
Arrange own delivery	£16.60	38
Pay supplier for transport costs separately	£38.50	4
Transport costs bundled into overall price	£20.30	75

7.4 Negotiation

Respondents were asked the level to which they agreed or disagreed that a number of statements regarding negotiation and payment for salt related to them and their business. This showed that salt purchasers were more likely to agree that they negotiate prices for salt rather than simply paying the list price. This was particularly true for larger customers and customers of Salt Union.

Chart 16

Negotiations on Salt Within Business – Total



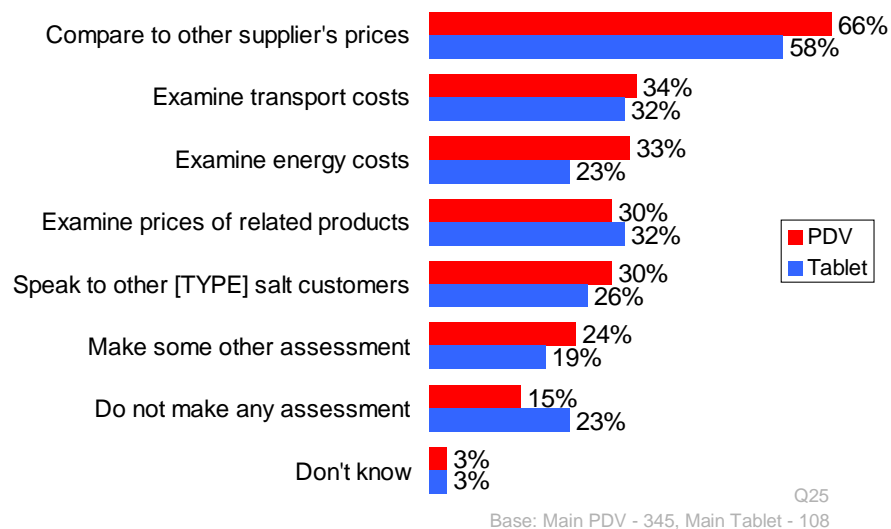
7.5 Pricing Changes & Price Sensitivity

Respondents were asked a series of questions relating to attempted changes in price for their main type of salt over the past 12 months.

An overall question was asked regarding how respondents might assess a price increase. A range of assessments of price increases was made, with comparison to other suppliers' prices being the most common.

Chart 17

Assessment of Price Increases (Prompted)– By Main Type of Salt



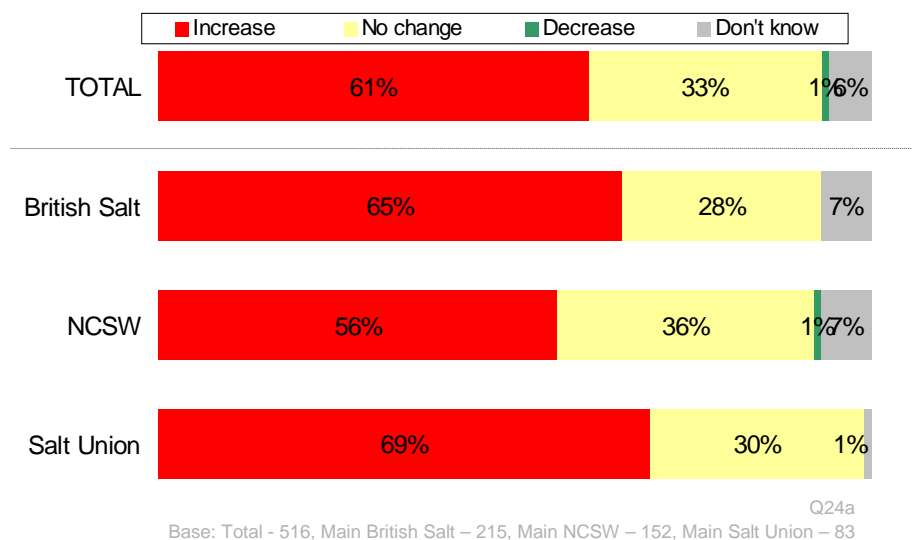
However, when specifically asked, only around one quarter (28%) stated that they did actually know the current price they would pay for their main type of salt if they bought from an alternative supplier.

In terms of actual price changes, initially respondents were simply asked whether their supplier had tried to change the price of salt, and in which direction.

The overriding majority of salt purchasers faced an increase or no change in price in the past 12 months. As shown below, no difference was seen by main supplier. Similarly there was no difference by the main type of salt purchased.

Chart 18

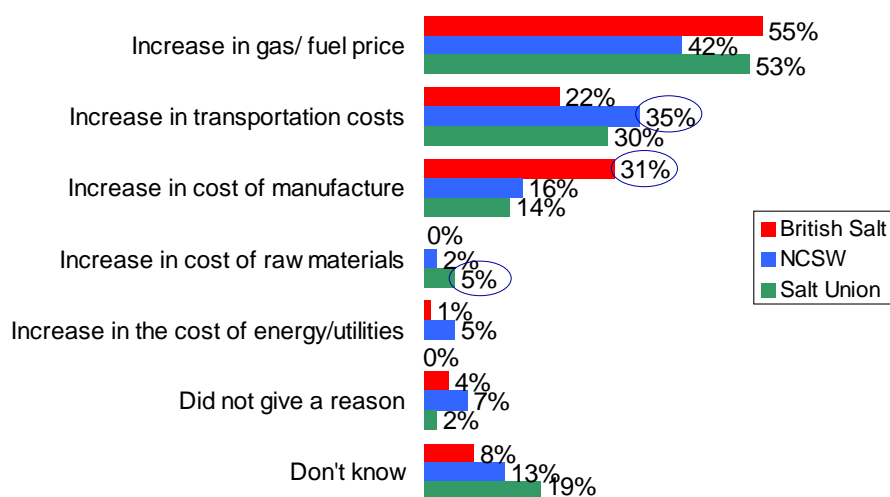
Attempted Price Change in Past Year – By Main Supplier



Those respondents who had faced a price increase were then asked what reasons had been given by their supplier for this increase. The main reason given to customers of each salt producer was an increase in gas/fuel price. Customers of British Salt were more likely than customers of NCSW and Salt Union to be told that the reason was increased manufacturing cost, whilst customers of NCSW were more likely than customers of British Salt and Salt Union to be told of increased transportation costs.

Chart 19

Reasons Given For Proposed Price Increase – By Main Supplier



Q24C

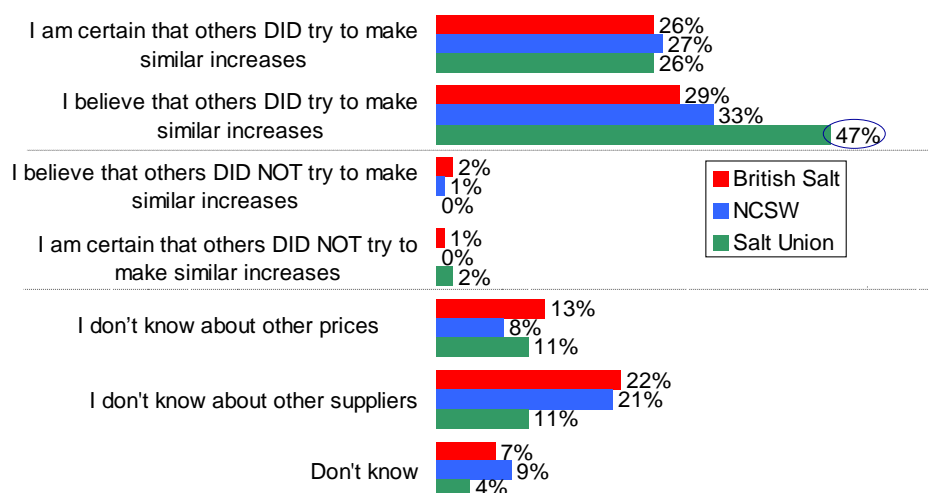
Base: All whose supplier has tried to either increase or both increase and decrease prices of salt in the past year

British Salt - 139, NCSW - 85, Salt Union - 57

There was also a strong belief amongst respondents that other suppliers had tried to make similar increases in price, particularly customers of Salt Union.

Chart 20

Opinion on Whether Other Suppliers Tried to Make Similar Price Increases – by Main Supplier



Q24D

Base: All whose supplier has tried to either increase or both increase and decrease prices of salt in the past year
 British Salt - 139, NCSW – 85, Salt Union - 57

Respondents were then asked to give specifics of the proposed price increase that they had faced, whether they had tried to negotiate, whether the negotiations had been successful and if so, what the final price paid was.

The following table shows the proposed price increase and actual increase paid (whether or not negotiation was successful) across all those who faced an increase.

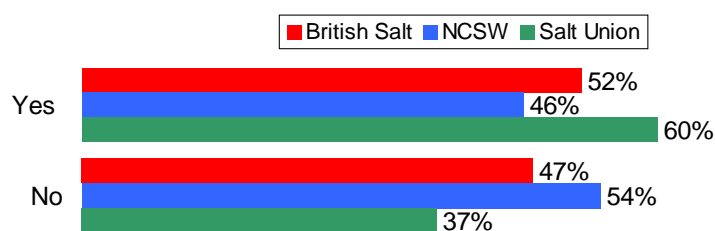
Table 21: Proposed and Actual % Price Change by Main Supplier / Size of Customer

Main supplier / size of customer	Proposed Price Change in % terms	Actual Price Change in % terms
Total	7.4	6.5
British Salt	7.6	7.0
NCSW	6.9	6.0
Salt Union	7.9	6.3
Less than 10 tonnes	7.9	6.4
10-49 tonnes	6.5	5.5
50-149 tonnes	6.5	5.3
150-399 tonnes	6.7	6.1
400-999 tonnes	7.9	7.6
1000+ tonnes	10.7	10.0

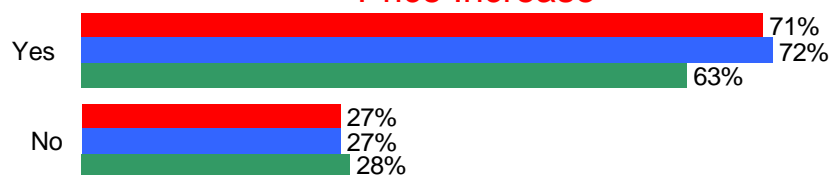
Within this sample, around half (54%) tried to negotiate the proposed price increase down, but two thirds (68%) ended up paying the original proposed price increase.

Chart 21

Whether Respondent Tried to Negotiate Price Down



Whether Respondent Ended Up Paying Proposed Price Increase



Q24E/ Q24E/2

Base: All whose supplier has tried to either increase or both decrease prices of salt in the past year:
Main British Salt - 139, Main NCSW - 85, Main Salt Union - 57

Smaller customers (particularly those purchasing less than 50 tonnes per annum) were significantly less likely to try to negotiate, but to simply pay the proposed price increase.

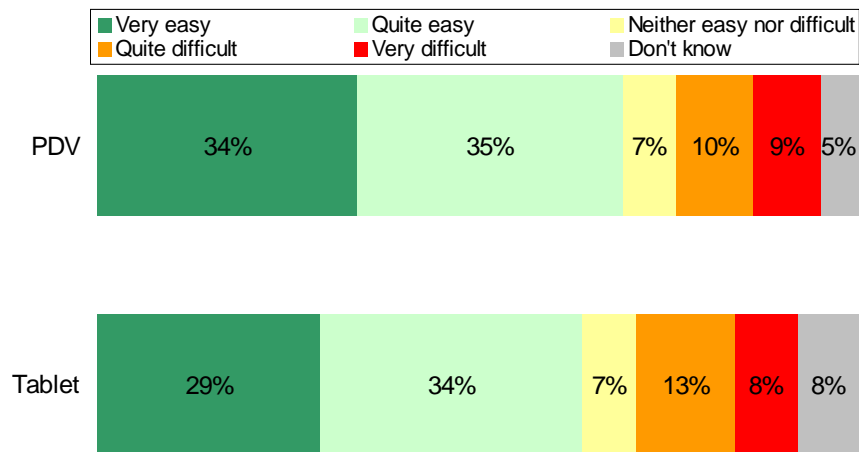
8. Imported Salt

Looking at the scope for supplier switching within the market, respondents were asked how easy it would be to switch over 50% of their main salt purchases to a different British supplier. They were also asked how realistic they felt it would be to purchase imported salt.

The majority of respondents did not see barriers to switching within Britain, with two thirds stating that this would be easy to some degree.

Chart 22

Ease of Switching Over 50% of Salt Purchases to Alternative British Supplier

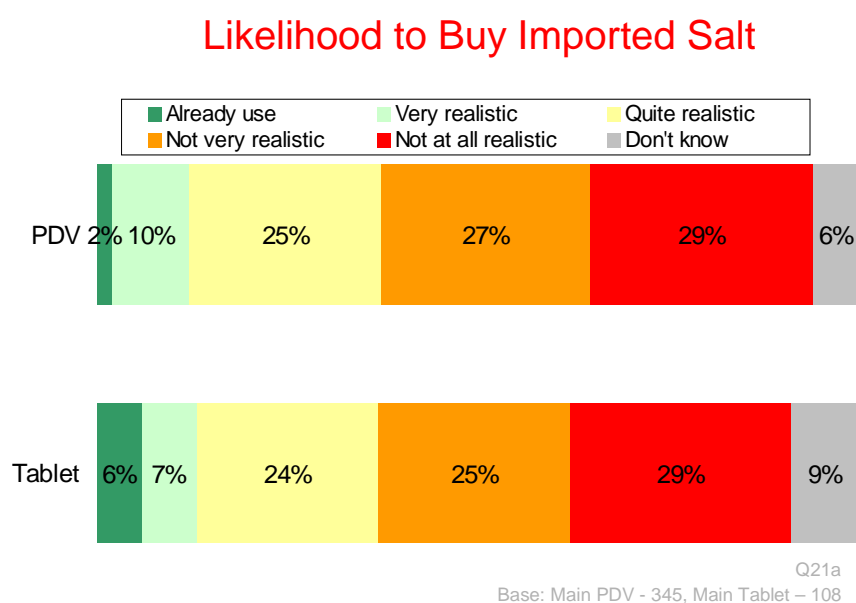


Q21a

Base: Main PDV - 345, Main Tablet - 108

However, the purchase of imported salt was only seen as a realistic alternative by a small minority. Those purchasing salt predominantly for animal feed purposes were significantly more likely to be currently purchasing imported salt.

Chart 23



Cost was the key reason given for imported salt not being a realistic option.

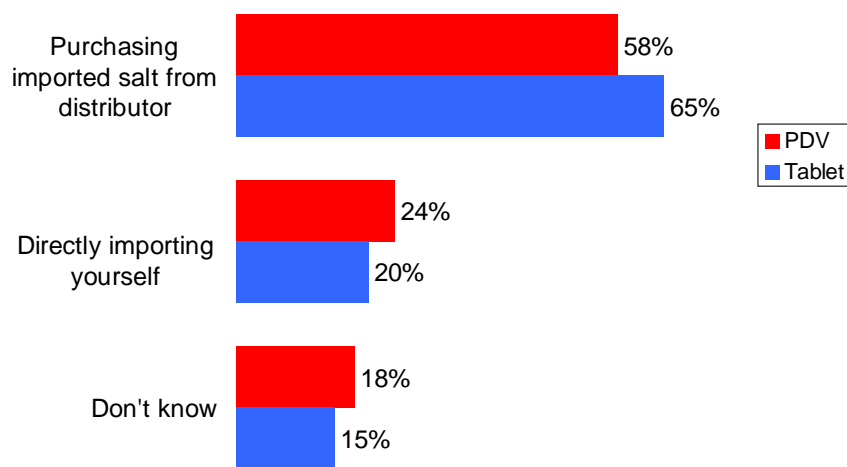
Table 22: Reasons for Not Considering Imported Salt by Main Type of Salt

	Total	PDV	Tablet
Price – too expensive	24%	24%	21%
Transport costs	20%	22%	16%
Don't buy enough to import	16%	15%	17%
Delivery problems	12%	15%	7%
Prefer to buy British	11%	11%	12%
No long term relationship with importers	6%	5%	9%
Does not meet my technical specification	6%	7%	5%
<i>Base</i>	<i>287</i>	<i>194</i>	<i>58</i>

Those already using, or finding imported salt a realistic option, were asked how they would import salt – the majority would buy imported salt via a UK distributor.

Chart 24

Means Of Importing Salt



Q21c
Base: All who already import or are realistic about buying imported salt:
Main PDV - 129, Main Tablet - 40

9. Physical Properties of and Alternatives to Salt

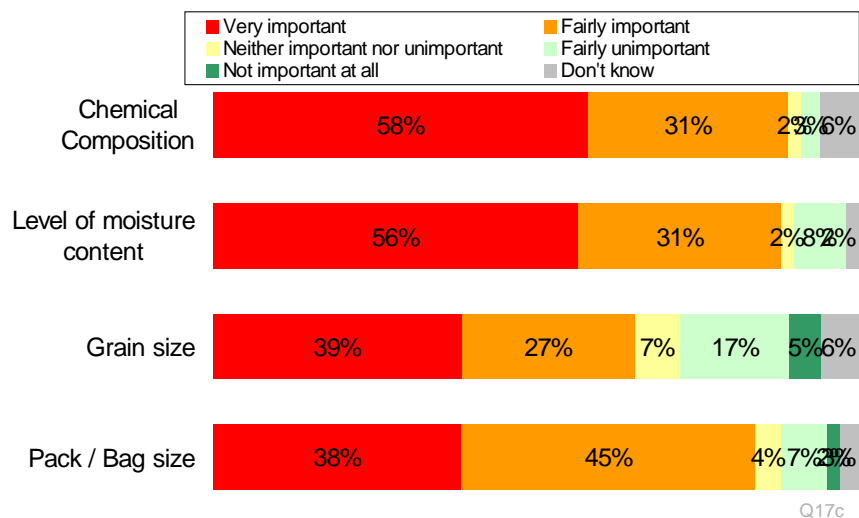
9.1 Physical Properties

Within the sample, approximately one quarter of respondents (26%) personally knew the technical specification of the main type of salt purchased for the company, and over a third of these (37%) were responsible for setting the specification of the salt purchased.

Those respondents who were at least aware of the technical specification were asked to rate the importance on a 5 point scale of a number of factors pertaining to the salt purchased for their business. This showed that the chemical composition and moisture content of salt are significantly more important than grain size or pack size.

Chart 25

Importance of Physical Properties of Salt – Total



Q17c

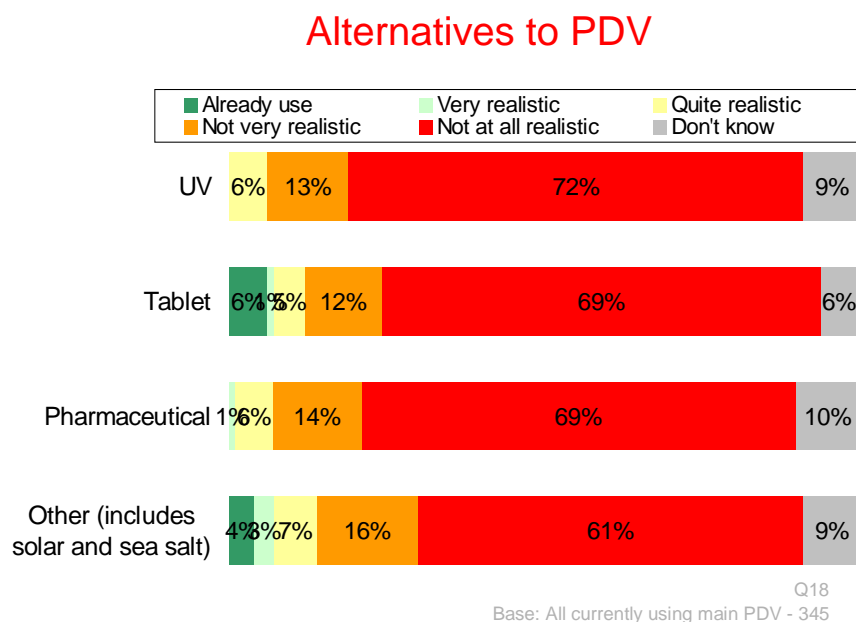
Base: All respondents aware of and / or responsible for technical specifications of salt - 133

9.2 Alternatives to Salt

Respondents were asked, based on the physical characteristics of the main type of salt purchased, which alternative types of salt might be purchased.

Tablet and “Other” salts were seen by a minority of main PDV users as a realistic alternative to PDV.

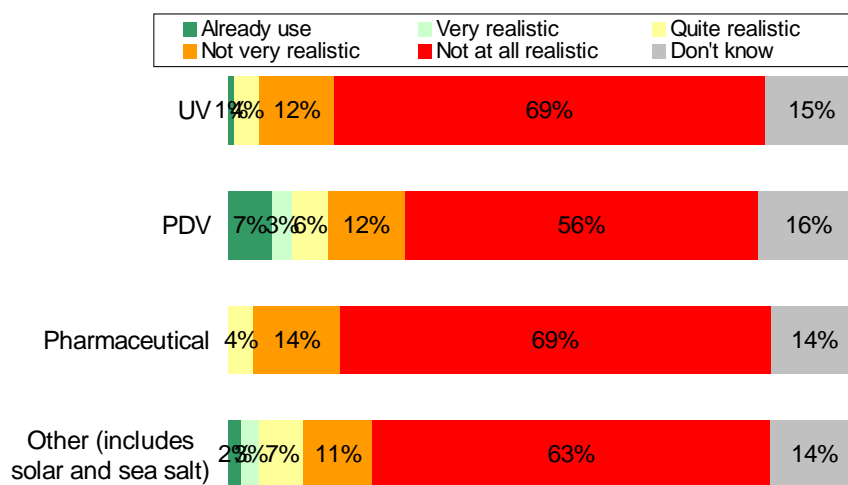
Chart 26



Similarly for Tablet salt, only a minority of respondents felt there to be an alternative to this type of salt – those who did feel there to be an alternative selected PDV or “Other”.

Chart 27

Alternatives to Tablet



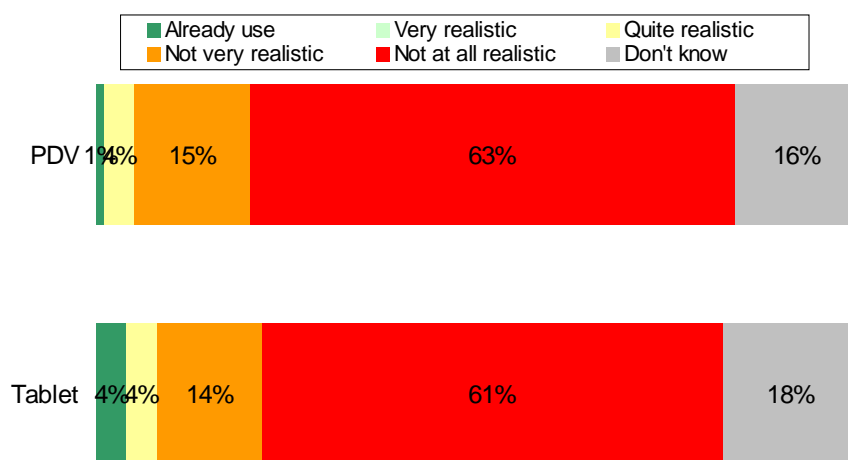
Q18

Base: All currently using main Tablet - 108

Aside from the various types of salt, respondents were asked whether there were any other chemical products, such as magnesium chloride, which could be substituted for their main type of salt. On the whole, this did not seem to be a particularly viable option in the eyes of respondents.

Chart 28

Alternative Chemical Products To Main Type of Salt



Q19
Base: Main PDV - 345, Main Tablet - 108

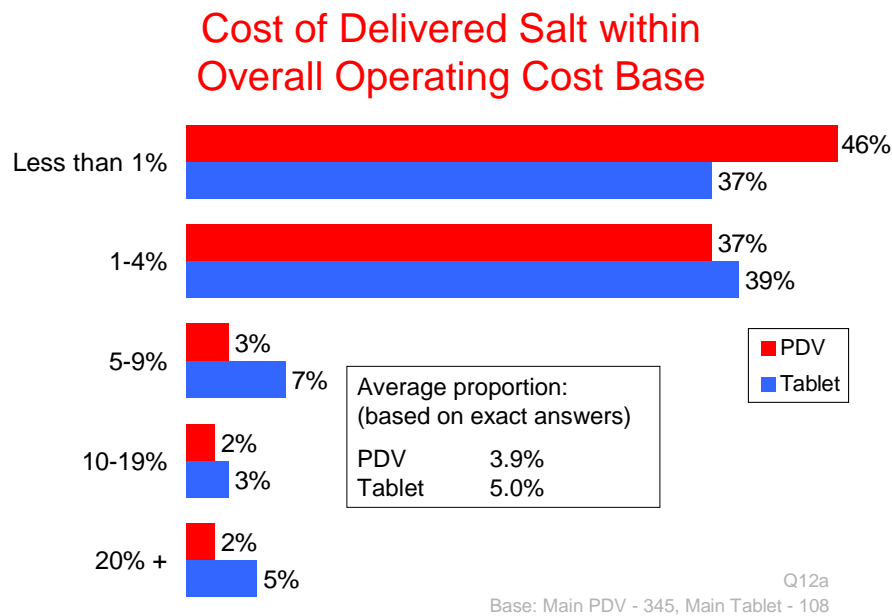
10. Importance of Salt in Business

Respondents were asked about the importance of salt to their business in two ways – as a percentage of operating cost, and on a more straightforward agree / disagree scale.

10.1 Importance of Salt as Percentage of Operating Cost

Overall, around 4 in 10 stated that the cost of salt was less than 1% of the overall operating cost base. On average, the cost of delivered salt accounted for approximately 4-5% of the overall operating cost base within the companies interviewed. However, less than 10% said that salt was more than 5% of their operating cost base.

Chart 29

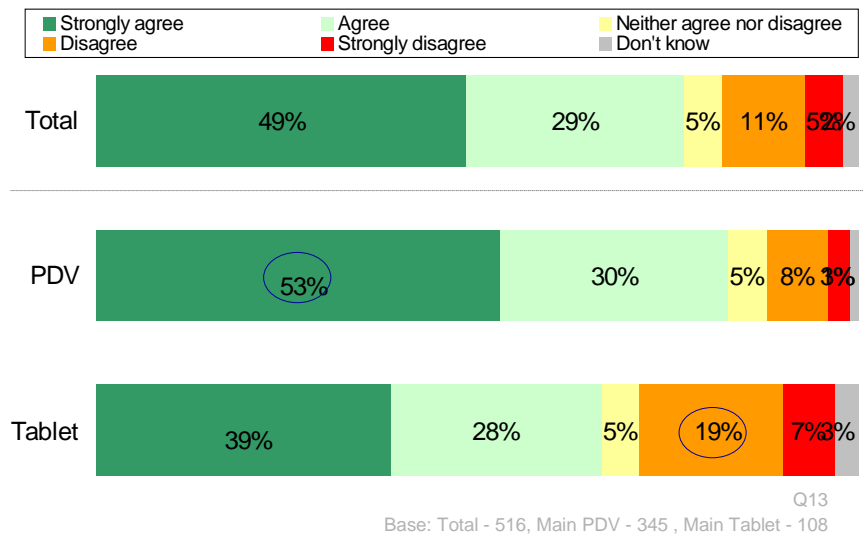


10.2 Importance of Salt in Production Processes

Overall, around half of respondents agreed strongly that their main type of salt was essential to their production processes. Those using PDV salt as their main type were significantly more likely to state this than those using Tablet salt.

Chart 30

Importance of Salt – “[TYPE] Salt is Essential to our Production Processes”



Appendix 1 – Questionnaire

SURVEY FOR VACUUM SALT CUSTOMERS

COMPLETED ACQUISITION OF NEW CHESHIRE SALT WORKS BY BRITISH SALT FINAL (4)– 30/06/05 POST PILOT

INTRODUCTION

Good morning/afternoon. My name is [.....] and I'm calling from Synovate, an independent market research company. Please can I speak to [Contact]/the person who is responsible for purchasing salt for your company?

Yes – continue

No – arrange call back

Refused – ask for referral or thank & close

ONCE THROUGH TO RESPONDENT:

Good morning/afternoon. My name is [.....] and I'm calling from Synovate, an independent market research company.
I'm calling on behalf of the United Kingdom Competition Commission as part of an official inquiry into the merger of New Cheshire Salt Works with British Salt. One of the salt producers told us that you purchase salt and we're gathering the views of businesses like yours. You should have received a letter about this.
(IF NOT RECEIVED LETTER, POSSIBILITY TO FAX)

We would like to ask you some questions and should only need about 15 minutes of your time. All of your answers will remain confidential, and your comments will not be directly attributed to you or your company.

Would now be a convenient time to go through the survey?

HELP MENU

- All responses will remain entirely confidential and will be passed back to the client in aggregated format only
- The survey takes no longer than 15 minutes to complete
- We can fax over a copy of the letter outlining the survey
- The Market Research Society (MRS) will be able to confirm that we are a bona fide MR agency (0500 396999)

Q1 - Identification

Can I just check that you are the person who is responsible for buying salt, that is sodium chloride?

Yes – continue

No – ASK FOR REFERRAL

Q2 - Purpose

First of all, can I ask why you purchase salt? Is it for...?

READ OUT – RANDOMISE – CODE ALL THAT APPLY

- *Re-sale/Distribution/Re-packing*
- *Chlor-alkali production*
- *Synthetic soda ash manufacture*
- *Other chemical production (e.g. metallic sodium, hydrochloric acid, sodium chlorate)*
- *De-icing*
- *Animal feed*
- *Drilling fluids*
- *Leather treatment*
- *Food and food processing*
- *Water softening*
- *Pharmaceuticals*
- *Other, please specify.....*
- *(Don't know)*

CUSTOMER CHARACTERISTICS

Q3a – Type of salt products

I am going to define 5 different types of salt, and I would like you to tell me which of them you buy. So firstly...

READ OUT – CODE ALL THAT APPLY

(1) **Undried Vacuum (UV)** salt, that is “wet salt” which includes Standard UV, Pad or Vacuum Road Salt

(2) **Pure Dried Vacuum (PDV)** salt, that is “dry salt” which includes Standard and Iodised PDV and Industrial Vacuum Salt (IVS)

(3) **Tablet or Granular salt**, that is compacted dry salt for water conditioning, for example Aquasol, Glacia Granulite, Selvasoft and Hydrossoft

(4) **Pharmaceutical grade salt**, which includes the Arisal brand

(5) **Other salt**, which includes solar or sea salt

(6) **Don't know** [ASK FOR REFERRAL TO SOMEONE WHO WOULD BE MORE APPROPRIATE – PERSON RESPONSIBLE FOR PURCHASE OF SALT]

IF MORE THAN ONE TYPE MENTIONED AT Q3a, ASK Q3b – OTHERS SKIP TO Q4

Q3b

Thinking about your expenditure on salt over a year, which type of salt do you spend most on?

DISPLAY THOSE CODED AT Q3a – CODE AS “MAIN TYPE” – SINGLE CODE

- *Undried Vacuum (UV) Salt*
- *Pure Dried Vacuum (PDV) Salt*
- *Tablet or Granular Salt*
- *Pharmaceutical grade Salt*
- *Other Salt*
- *(Don't know) [ASK FOR REFERRAL].*

ASK ALL

Q4 - Distribution

Do you buy salt directly from the supplier or through an independent distributor?

CODE ALL THAT APPLY

- *Directly from salt supplier*
- *Independent Distributor*
- *Other, please specify*
- *Don't know*

ASK Q5a FOR EACH TYPE OF SALT MENTIONED AT Q3a

Q5a - Suppliers

From which salt XXX suppliers / distributors / suppliers and distributors [IF CODE 1 NOT CODE 2 / CODE 2 NOT CODE 1 / CODES 1 AND 2 AND/OR 3 AND/OR 4 XXX do you currently buy [TYPE] salt?

DO NOT READ OUT – CODE FIRST MENTION AND OTHERS SEPARATELY

ASK Q5b FOR ANY TYPES OF SALT WITH MORE THAN ONE SUPPLIER / DISTRIBUTOR AT Q5a

Q5b

Thinking about your expenditure on [TYPE] salt over a year, which XXX suppliers / distributors / suppliers and distributors [IF CODE 1 NOT CODE 2 / CODE 2 NOT CODE 1 / CODES 1 AND 2 AND/OR 3 AND/OR 4 XXX do you spend most with for that type of salt?

DO NOT READ OUT – CODE ONE PER TYPE ONLY

	<i>UV</i>		<i>PDV</i>		<i>Tablet/Granular</i>		<i>Pharmaceutical</i>		<i>Other</i>	
	<i>5a – buy</i>	<i>5b – main</i>	<i>5a – buy</i>	<i>5b – main</i>	<i>5a – buy</i>	<i>5b – main</i>	<i>5a – buy</i>	<i>5b – main</i>	<i>5a – buy</i>	<i>5b – main</i>
SUPPLIERS										
<i>British Salt</i>										
<i>Salt Union</i>										
<i>New Cheshire Salt Works</i>										
<i>ESCO</i>										
<i>Akzo Nobel</i>										
<i>Salins du Midi</i>										
<i>Dead Sea Works</i>										
<i>Other (Specify)</i>										
<i>Don't know</i>										
DISTRIBUTORS										
<i>Albion Chemical Distribution</i>										
<i>Avon Salt</i>										

For the remaining questions, I'd like you to just think about your purchases of [TYPE] from [SUPPLIER]

IF MAIN TYPE IS PDV, UV OR OTHER (CODES 1,2 OR 5), ASK Q6 – OTHERS CODE Q6a AS “BAGGED” AND GO TO Q7

Q6a - Packaging

Do you buy [TYPE] salt in bulk (from a tanker) or in bags?
CODE ALL THAT APPLY

- *Bulk (tanker)*
- *Bagged*
- *Don't know*

**ASK Q6b IF BOTH BULK AND BAGGED CODED AT Q6a – OTHERS GO TO Q7
IF BOTH, SELECT BULK OR BAGGED TO ADD TO MAIN TYPE [TYPE] ROTATE BETWEEN BULK AND BAGGED.**

Q6b

Do you have **separate** contracts or call-off agreements for bulk and bagged [TYPE] salt?

- *Yes – separate contracts for each*
- *No – one contract for both*
- *Don't know*

ASK ALL

Q7 - Relationship

For how many complete years have you purchased from [SUPPLIER] for [TYPE] salt?
ENTER ZERO FOR LESS THAN ONE YEAR (ZERO MUST NOT=DON'T KNOW)

WRITE IN.....

Don't know

Refused

IF RESPONDENT CANNOT GIVE FIGURE, PROMPT WITH BANDS

Would you say... ?

READ OUT

Less than 2 years

2 years, less than 5 years

5 years, less than 10 years

10 years or more

(Don't know)

UNDERSTANDING CURRENT BEHAVIOUR

Q8a – Purchasing motive

What is the main reason for using [SUPPLIER] for buying [TYPE] salt?

DO NOT READ OUT – CODE ONE ONLY

- *Low price*
- *Salt meets our tight technical specifications*
- *Delivery is reliable*
- *Has a good relationship with us*
- *Has a long relationship with us*
- *Good value for money*
- *Overall cost to us*
- *Low transportation costs*
- *Best quality product*
- *Other, please specify.....*
- *Don't know*

Q8b

I am going to read out a number of factors which some customers might consider when choosing a supplier of [TYPE] salt. For each one, please could you tell me how important you consider it to be in making your choice, using a scale of very important, fairly important, neither important nor unimportant, fairly unimportant or not important at all.

So firstly / And what about XXX. Would you say this is...?

READ OUT

- Very important
- Fairly important
- Neither important nor unimportant
- Fairly unimportant
- Not important at all
- (Don't know)

RANDOMISE FACTORS

- *Supplier offers a low price*
- *Supplier meets our tight technical specifications*
- *Supplier's delivery is reliable*
- *Supplier has a good relationship with us*
- *Supplier has a long relationship with us*

UNDERSTANDING CURRENT PURCHASE ARRANGEMENTS

Q9 - Volumes

Approximately how many tonnes of [TYPE] salt have you purchased in the past 12 months?

- *Specify amount in tonnes _____*
- *Don't know*
- *Refused*

IF RESPONDENT CANNOT GIVE FIGURE, PROMPT WITH BANDS

Would you say...?

READ OUT

- *Less than 10 tonnes*
- *10-24 tonnes*
- *25-49 tonnes*
- *50-99 tonnes*
- *100-149 tonnes*
- *150-199 tonnes*
- *200-299 tonnes*
- *300-399 tonnes*
- *400-499 tonnes*
- *500-749 tonnes*
- *750-999 tonnes*
- *More than 1000 tonnes*
- *(Don't know)*

Q10 – Price

Approximately how much do you currently pay per delivered tonne of [TYPE] salt from [SUPPLIER]?

- *Specify amount in £ per tonne _____*
- *Don't know*
- *Refused*

IF RESPONDENT CANNOT GIVE FIGURE, PROMPT WITH BANDS

Would you say...?

READ OUT

- *Less than £10*
- *£10-19*
- *£20-29*
- *£30-39*
- *£40-59*
- *£60-79*
- *£80-99*
- *£100-119*
- *£120-139*
- *£140-159*
- *£160-179*
- *£180-199*
- *More than £200*
- *(Don't know)*

ASK ALL

Q11d

Which counties do you have [TYPE] salt delivered to?

DO NOT READ OUT – CODE ALL THAT APPLY

- *Bedfordshire*
- *Berkshire*
- *Buckinghamshire*
- *Cambridgeshire*
- *Cheshire*
- *Cornwall*
- *Cumberland*
- *Derbyshire*
- *Devon*
- *Dorset*
- *Durham*
- *Essex*
- *Gloucestershire*
- *Greater London*
- *Hampshire*
- *Herefordshire*
- *Hertfordshire*
- *Huntingdonshire*
- *Kent*
- *Lancashire*
- *Leicestershire*
- *Lincolnshire*
- *Merseyside*
- *Middlesex*
- *Norfolk*
- *Northamptonshire*
- *Northumberland*
- *Nottinghamshire*
- *Oxfordshire*
- *Rutland*
- *Shropshire*
- *Somerset*
- *Staffordshire*
- *Suffolk*
- *Surrey*
- *Sussex*
- *Tyne and Wear*
- *Warwickshire*
- *Westmorland*
- *Wiltshire*
- *Worcestershire*
- *Yorkshire*
- *Anglesey*
- *Brecknockshire*
- *Caernarfonshire*
- *Carmarthenshire*
- *Cardiganshire*

- *Denbighshire*
- *Flintshire*
- *Glamorgan*
- *Merioneth*
- *Monmouthshire*
- *Montgomeryshire*
- *Pembrokeshire*
- *Powys*
- *Radnorshire*
- *Wrexham*
- *Aberdeenshire*
- *Angus/Forfarshire*
- *Argyllshire*
- *Ayrshire*
- *Banffshire*
- *Berwickshire*
- *Borders*
- *Buteshire*
- *Cromartyshire*
- *Caithness*
- *Clackmannanshire*
- *Dumfriesshire*
- *Dunbartonshire/Dumbartonshire*
- *East Lothian/Haddingtonshire*
- *Fife*
- *Inverness-shire*
- *Kincardineshire*
- *Kinross-shire*
- *Kirkcudbrightshire*
- *Lanarkshire*
- *Midlothian/Edinburghshire*
- *Morayshire*
- *Nairnshire*
- *Orkney*
- *Peeblesshire*
- *Perthshire*
- *Renfrewshire*
- *Ross-shire*
- *Roxburghshire*
- *Selkirkshire*
- *Shetland*
- *Stirlingshire*
- *Sutherland*
- *West Lothian/Linlithgowshire*
- *Wigtownshire*
- *Other (specify)*
- *Don't know*
- *Refused*

Q12a – Importance of salt

Thinking about all the products in your business, how much of your overall operating cost base does the cost of delivered [TYPE] salt from all suppliers comprise? Please give your best estimate in percentage terms

- *Specify amount in % _____*
- *Don't know*
- *Refused*

IF RESPONDENT CANNOT GIVE FIGURE, PROMPT WITH BANDS

Would you say...?

READ OUT

- *Less than 1%*
- *1 - 4%*
- *5 – 9%*
- *10 – 19%*
- *20 – 29%*
- *30 – 39%*
- *40 – 49%*
- *50% or more*
- *(Don't know)*

Q13

So firstly / And what about XXX. Would you agree or disagree that this applies to your business?

READ OUT

- Strongly agree
- Agree
- Neither agree nor disagree
- Disagree
- Strongly disagree
- (Don't know)

RANDOMISE FACTORS

- *[TYPE] salt is essential to our production processes*
- *We see the supplier's current price list*
- *List prices are the starting point for negotiation*
- *We pay the list price*
- *We negotiate with [SUPPLIER] over the price of [TYPE] salt*
- *We are successful at getting a price below the first quoted price for [TYPE] salt*
- *We inform [SUPPLIER] of the prices other suppliers have offered us during negotiations for [TYPE] salt*

ASK ALL

Q14 – Contractual arrangements

Which ONE of these best describes your normal contractual arrangements for [TYPE] salt?

READ OUT – CODE ONE ONLY

DO NOT RANDOMISE STATEMENTS

- *Contract for more than one year (1)*
- *Annual contract (2)*
- *Call-off agreements following price negotiations every few years(3)*
- *Call-off agreements following annual price negotiation (4)*
- *Independent short-term contracts of less than a year (5)*
- *No contract/ad hoc purchase (6)*
- *Other (7)*
- *(Don't know)*

Q15a – Bidders/Quotes

When you renew your contract or place a significant order for [TYPE] salt, how many quotes do you typically receive? Please include the quote you receive from your main supplier in this total.

- *Specify number _____*
- *Don't know*
- *Refused*

DP LOGIC CHECK IF ZERO AND MAIN SUPPLIER CODED AT Q5A/B – Please double check that respondent is including main supplier in this total.

ASK IF 2 OR MORE CODED AT Q15A – OTHERS SKIP TO Q16A

Q15b

Which, if any, of these companies normally quote (i.e. submit bids or provide quotations) for your contract for [TYPE] salt?

READ OUT – CODE ALL THAT APPLY

- *British Salt*
- *Salt Union*
- *New Cheshire Salt Works*
- *ESCO*
- *Akzo Nobel*
- *Salins du Midi*
- *Distributor- IF CODED, PLEASE SPECIFY AND CODE IN BELOW PRE-CODES*
 - *Albion Chemical Distribution*
 - *Avon Salt*
 - *Basic Chemicals*
 - *Biachem*
 - *Broste*
 - *BSS*
 - *Direct Salt*
 - *Firenze*
 - *Gilmore*
 - *Greens Water Treatment*
 - *Icethaw*
 - *Jurby*
 - *Just Salt*
 - *Kinetico*
 - *Monarch Chemicals*
 - *Peacock Salt*
 - *Premier Salt*

- *Rainsoft*
- *Raw Chemicals*
- *Salinity*
- *Salt Express*
- *Saxon Salt*
- *Supreme Salt*
- *Tan International*
- *Tennants*
- *Univar*
- *Walkers Eurosalt*
- *Waterways*
- *Waterworld*
- *Other, please specify.....*
- *None*
- *(Don't know)*

Q15c

And which companies normally provide **competitive** quotes or submit competitive bids for [TYPE] salt?

READ OUT THOSE MENTIONED AT Q15b – CODE ALL THAT APPLY

- *British Salt*
- *Salt Union*
- *New Cheshire Salt Works*
- *ESCO*
- *Akzo Nobel*
- *Salins du Midi*
- *Albion Chemical Distribution*
- *Avon Salt*
- *Basic Chemicals*
- *Biachem*
- *Broste*
- *BSS*
- *Direct Salt*
- *Firenze*
- *Gilmore*
- *Greens Water Treatment*
- *Icethaw*
- *Jurby*
- *Just Salt*
- *Kinetico*
- *Monarch Chemicals*
- *Peacock Salt*
- *Premier Salt*
- *Rainsoft*
- *Raw Chemicals*
- *Salinity*
- *Salt Express*
- *Saxon Salt*
- *Supreme Salt*
- *Tan International*
- *Tennants*
- *Univar*
- *Walkers Eurosalt*
- *Waterways*
- *Waterworld*
- *Other, please specify.....*
- *None*
- *Don't know*

ASK ALL

Q16a – Failure to quote

In the last 3 years, have any of these companies failed to respond to a request for a bid or quotation for [TYPE] salt?

READ OUT – CODE ALL THAT APPLY

- *British Salt*
- *Salt Union*
- *New Cheshire Salt Works*
- *ESCO*
- *Akzo Nobel*
- *Salins du Midi*
- *Distributor- IF CODED, PLEASE SPECIFY AND CODE IN BELOW PRE-CODES*
 - *Albion Chemical Distribution*
 - *Avon Salt*
 - *Basic Chemicals*
 - *Biachem*
 - *Broste*
 - *BSS*
 - *Direct Salt*
 - *Firenze*
 - *Gilmore*
 - *Greens Water Treatment*
 - *Icethaw*
 - *Jurby*
 - *Just Salt*
 - *Kinetico*
 - *Monarch Chemicals*
 - *Peacock Salt*
 - *Premier Salt*
 - *Rainsoft*
 - *Raw Chemicals*
 - *Salinity*
 - *Salt Express*
 - *Saxon Salt*
 - *Supreme Salt*
 - *Tan International*
 - *Tennants*
 - *Univar*
 - *Walkers Eurosalt*
 - *Waterways*
 - *Waterworld*
- *Other, please specify.....*
- *None*
- *Don't know*

UNDERSTANDING ALTERNATIVES

Q17a – Physical properties

Do you personally know the technical specification of the [TYPE] salt you buy (for example, the moisture content, chemical composition or grain size)?

- Yes
- No *SKIP Q17b AND GO TO Q18*
- *Don't know* *SKIP Q17b AND GO TO Q18*

ASK IF CODE 1 AT Q17a

Q17b

And are you the person responsible for setting the technical specification of [TYPE] salt you buy?

- Yes
- No
- *Don't know*

ASK Q17c IF YES CODED AT Q17a AND / OR Q17b – OTHERS GO TO Q18

DO NOT read out the option Pack/bag size if TYPE = BULK –PDV, BULK –OTHER or BULK UV

Q17c

I am now going to read out a number of physical properties which some customers might consider when buying [TYPE] salt. For each one, please could you tell me how important you consider it to be for your business, using a scale of very important, fairly important, neither important nor unimportant, fairly unimportant or not important at all?

So firstly / And what about XXX. Would you say this is...?

READ OUT

- Very important
- Fairly important
- Neither important nor unimportant
- Fairly unimportant
- Not important at all
- (Don't know)

RANDOMISE FACTORS

- *Level of moisture content*
- *Chemical composition*
- *Grain size*
- *Pack/Bag size (IF [TYPE] IS BULK EXCLUDE THIS OPTION)*

ASK ALL

Q18 – Alternative salt types

Thinking about the physical characteristics of the [TYPE] salt you buy, I would like you to tell me if you currently use or would realistically use alternative types of salt?

DISPLAY ALTERNATIVES, EXCLUDING TYPE AT Q3a –
READ OUT - CODE ALL THAT APPLY

How realistic an alternative to [TYPE] would you say XXX is? Would you say ...?.

READ OUT

- *You use it as an alternative at present*
- *It is very realistic*
- *Quite realistic*
- *Not very realistic*
- *Or not at all realistic*
- *(Don't know)*

(1) **Undried Vacuum (UV)** salt, that is “wet salt” which includes Standard UV, Pad or Vacuum Road Salt

(2) **Pure Dried Vacuum (PDV)** salt, that is “dry salt” which includes Standard, Iodised and Industrial Salt

(3) **Tablet or Granular salt**, that is compacted dry salt for water conditioning, for example Aquasol, Glacia Granulite, Selvasoft and Hydrosoft

(4) **Pharmaceutical grade salt**, which includes the Arisal brand

(5) **Other salts**, such as solar or sea salt

ASK ALL

Q19 – Alternative to salt

How realistic an alternative to [TYPE] sodium chloride are **alternative chemical products?** – (such as magnesium chloride)? Would you say...?

READ OUT

- *You already use them as an alternative*
- *It is very realistic*
- *Quite realistic*
- *Not very realistic*
- *Or not at all realistic*
- *(Don't know)*

Q20a – Alternative suppliers

If [SUPPLIER] was no longer able to supply you with [TYPE] salt for any reason, which supplier of salt would you most likely purchase from instead?

DO NOT READ OUT – CODE ONE ONLY

- *British Salt*
- *Salt Union*
- *New Cheshire Salt Works*
- *Import (includes answers: ESCO, Akzo Nobel, Salins du Midi)*
- *Albion Chemical Distribution*
- *Avon Salt*
- *Basic Chemicals*
- *Biachem*
- *Broste*
- *BSS*
- *Direct Salt*
- *Firenze*
- *Gilmore*
- *Greens Water Treatment*
- *Icethaw*
- *Jurby*
- *Just Salt*
- *Kinetico*
- *Monarch Chemicals*
- *Peacock Salt*
- *Premier Salt*
- *Rainsoft*
- *Raw Chemicals*
- *Salinity*
- *Salt Express*
- *Saxon Salt*
- *Supreme Salt*
- *Tan International*
- *Tennants*
- *Univar*
- *Walkers Eurosalt*
- *Waterways*
- *Waterworld*
- *Other supplier*
- *Don't know of any alternatives*
- *Would stop buying salt*
- *Don't know / It depends*

**ASK Q20b IF Don't know of any alternatives / Don't know CODED AT Q20a – OTHERS
GO TO Q21**

Q20b

From which of these alternative suppliers would you be most likely to purchase [TYPE] salt?
READ OUT – CODE ONE ONLY

- *British Salt*
- *Salt Union*
- *New Cheshire Salt Works*
- *Would buy imported salt*
- *Distributor- IF CODED, PLEASE SPECIFY AND CODE IN BELOW PRE-CODES*
 - *Albion Chemical Distribution*
 - *Avon Salt*
 - *Basic Chemicals*
 - *Biachem*
 - *Broste*
 - *BSS*
 - *Direct Salt*
 - *Firenze*
 - *Gilmore*
 - *Greens Water Treatment*
 - *Icethaw*
 - *Jurby*
 - *Just Salt*
 - *Kinetico*
 - *Monarch Chemicals*
 - *Peacock Salt*
 - *Premier Salt*
 - *Rainsoft*
 - *Raw Chemicals*
 - *Salinity*
 - *Salt Express*
 - *Saxon Salt*
 - *Supreme Salt*
 - *Tan International*
 - *Tennants*
 - *Univar*
 - *Walkers Eurosalt*
 - *Waterways*
 - *Waterworld*
- *Other supplier*
- *Would stop buying salt*
- *(Don't know)*

ASK ALL

Q21a - Imports

How realistic is it for you to buy imported [TYPE] salt? Would you say...?

READ OUT – CODE ONE ONLY

- *You use imported salt at present*
- *It is very realistic*
- *Quite realistic*
- *Not very realistic*
- *Or not at all realistic*
- *(Don't know)*

IF NOT VERY / NOT AT ALL CODED AT Q21a, ASK Q21b – OTHERS GO TO Q21c

Q21b

Why do you not consider this to be a realistic alternative?

DO NOT READ OUT – CODE ALL THAT APPLY

- *Price – too expensive*
- *Transport costs*
- *Delivery problems*
- *Poor relationships with importers / foreign suppliers*
- *No history / no long term relationships with importers / foreign suppliers*
- *Exchange rate risks*
- *Prefer to buy British*
- *Not aware of any companies that import salt to UK*
- *Does not meet my technical specifications*
- *Other, please specify.....*
- *Don't know*

IF USE IMPORTED AT PRESENT / VERY / QUITE (CODES 1,2,3) CODED AT Q21a, ASK Q21c – OTHERS GO TO Q22

Q21c

And is that directly importing salt yourself from a foreign supplier, or purchasing imported product through a UK distributor?

- *Directly importing yourself*
- *Purchasing imported salt from distributor*
- *Don't know*

ASK ALL

Q22a – Past suppliers

Are there any suppliers of [TYPE] salt that you have used in the last 3 years that you don't use now?

- *Yes*
- *No*
- *Don't know*

ASK Q22b IF YES CODED AT Q22a – OTHERS GO TO Q23

Q22b

Which suppliers were they?

DO NOT READ OUT – CODE ALL THAT APPLY

- *British Salt*
- *Salt Union*
- *New Cheshire Salt Works*
- *ESCO*
- *Akzo Nobel*
- *Salins du Midi*
- *Albion Chemical Distribution*
- *Avon Salt*
- *Basic Chemicals*
- *Biachem*
- *Broste*
- *BSS*
- *Direct Salt*
- *Firenze*
- *Gilmore*
- *Greens Water Treatment*
- *Icethaw*
- *Jurby*
- *Just Salt*
- *Kinetico*
- *Monarch Chemicals*
- *Peacock Salt*
- *Premier Salt*
- *Rainsoft*
- *Raw Chemicals*
- *Salinity*
- *Salt Express*
- *Saxon Salt*
- *Supreme Salt*
- *Tan International*
- *Tennants*
- *Univar*
- *Walkers Eurosalt*
- *Waterways*
- *Waterworld*
- *Other*
- *Don't know*

ASK Q22c FOR EACH SUPPLIER MENTIONED AT Q22b

Q22c

Why did you stop using [SUPPLIER]?

DO NOT READ OUT – CODE ALL THAT APPLY

- *Price (too expensive/cheaper price offered by competitor)*
- *Delivery problems*
- *Did not meet technical specification*
- *Poor relationship management*
- *Refused to supply*
- *Did not bid or quote for contract*
- *Other*
- *Don't know*

ASK ALL

Q23 – Switching supplier

Thinking about British suppliers of [TYPE] salt, how easy or difficult would you say that it would be to switch over 50% of your [TYPE] salt purchases for the next 3 years to an alternative **British** supplier? Would you say...

READ OUT

- *Very easy*
- *Quite easy*
- *Neither easy nor difficult*
- *Quite difficult*
- *Very difficult*
- *(Don't know)*

REVEALED PRICE AND QUALITY SENSITIVITY

Q24a – Changes in Price

Thinking about the price you have been paying [SUPPLIER], did [SUPPLIER] **try** to change the price of [TYPE] salt during the past year? IF YES: Did they try to increase or decrease the price?

CODE ONE ONLY

- *Increase*
- *Decrease*
- *Tried to both increase and decrease*
- *No change*
- *Don't know*

IF INCREASE / BOTH AT Q24a, ASK Q24b - OTHERS SKIP TO Q25

Q24b

For the most recent **proposed** price increase, what price rise did [SUPPLIER] propose in percentage terms?

Specify amount in % _____

Q24c

And what reason did they give for this proposal?
DO NOT READ OUT – CODE ALL THAT APPLY

- *Increase in transportation costs*
- *Increase in cost of manufacture*
- *Increase in gas price / fuel price*
- *Other, please specify.....*
- *Did not give a reason*
- *Don't know*

Q24d

Which ONE of the following statements best describes your opinion of whether other suppliers of [TYPE] salt in the UK market tried to make similar price increases in the past year?

READ OUT – CODE ONE ONLY

- *Certain that others DID try to make similar increases*
- *Believe that others DID try to make similar increases*
- *Believe that others DID NOT try to make similar increases*
- *Certain that others DID NOT try to make similar increases*
- *Don't know about other prices*
- *Don't know about other suppliers*
- *Don't know*

Q24e

Did you try to negotiate the proposed price increase down?

- *Yes*
- *No*
- *Don't know*

Q24e/2

Did you end up paying the proposed price increase?

- *Yes* IF YES SKIP Q24f – ASK Q24g
- *No*
- *Don't know*

ASK IF CODES 2/3 AT Q24e/2

Q24f

So how much did the **price you pay** for [TYPE] salt actually change in percentage terms, if at all, from the price you were paying?

- *Specify amount in % _____*
- *Don't know*

ASK IF NUMBER GIVEN AT Q24f

Q24f/2

And was this an increase or a decrease?

- *Increase*
- *Decrease*

ASK IF INCREASE/BOTH AT Q24A

Q24g

And did you change how much you bought as a result?

- *Yes - Specify amount in tonnes _____*

- *No*
- *Don't know*

ASK IF NUMBER GIVEN AT Q24g

Q24g/2

And was this an increase or a decrease?

- Increase
- Decrease

ASK ALL

Q25 – Price assessment

I am going to read out a list of how you might assess any price increase for [TYPE] salt from [SUPPLIER]? Please state which of these methods you currently use.

READ OUT — CODE ALL THAT APPLY

RANDOMISE STATEMENTS – 'OTHER' AND 'NONE' TO ALWAYS BE LAST

- *Compare to other supplier's prices*
- *Examine energy costs*
- *Examine transport costs*
- *Examine prices of related products*
- *Speak to other [TYPE] salt customers*
- *Make some other assessment*
- *(Do not make any assessment) DO NOT ALLOW TO CODE THIS AND ANY OTHER*
- *(Don't know)*

Q26 – Price transparency

And finally, do you actually know the current price you would pay if you bought [TYPE] salt from other suppliers?

- *Yes*
- *No*
- *Don't know*

Q27- Name

For proof of this interview, can I please take a note of your name?

WRITE IN

Q28 – Recontact

And would it be possible for us to re-contact you some time in the future to take part in any further research we may conduct?

- *Yes*
- *No*

END:

Finally, on behalf of the Competition Commission and Synovate, I would like to thank you for your time and co-operation. I would just like to confirm with you that my name is xxx and I've been calling you from Synovate, an independent market research agency. If you would like to verify this information you can do so at no charge to yourself by dialling the MRS freephone service on 0500 39 69 99.

Thank you for your time this xxx [morning/afternoon/evening]. Goodbye.

Appendix 2 – Text Of Introductory Letter

OFFICIAL MERGER INQUIRY: YOUR VIEWS ARE IMPORTANT

I am writing to you because one of the salt producers in Britain has told us that your organization purchases salt (sodium chloride).

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

ACQUISITION BY BRITISH SALT LTD OF NEW CHESHIRE SALT WORKS LTD

There has been a merger of two of the major salt producers in the UK: BRITISH SALT LTD has acquired NEW CHESHIRE SALT WORKS LTD. The Office of Fair Trading has asked the Competition Commission to look into this merger. The merger could affect your company and so your views about the supply of salt are important to us.

We have contracted the market research company, Synovate, to survey a representative sample of customers of salt products in organizations like yours. All the work Synovate 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. Synovate 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 salt manufacturers or distributors.

If your organization is selected, Synovate will be contacting you by telephone in the next two to three weeks with a series of questions. They will ask about your purchases and use of different types of salt products (defined in the attachment to this letter) including:

- (1) Undried Vacuum (UV) salt
- (2) Pure Dried Vacuum (PDV) salt
- (3) Tablet or Granular salt
- (4) Pharmaceutical grade salt
- (5) Other salt

Topics in the interview will include:

- Length of your relationships with suppliers
- Volume bought in the past 12 months
- Price of a delivered tonne, or ex-works price and transport costs
- Cost of salt as a proportion of your overall cost base
- Any of the technical specifications for the salt you buy

It will be helpful if you have any details of recent salt purchases and prices paid to hand, in case you are called for an interview.

If you wish to speak to someone at the Competition Commission about this survey please contact me at my telephone number or via the email address at the end of this letter. If you wish to speak to the person in charge of the survey at Synovate please ask for Tony Williams, on 01732 874450. Further details on the inquiry can be seen at our web address: <http://www.competition-commission.org.uk/>

It is very important that every customer whom Synovate 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 faithfully,



Edwin James
Inquiry Secretary
Telephone: 020 7271 0190
Edwin.James@competition-commission.gsi.gov.uk