

APPENDIX 3
(referred to in paragraphs 3.4 and 5.7)

Survey of distributors

1. The survey related both to this inquiry and to the Commission's inquiry into BCI's bid for Myson where our main attention was directed at the market for gas central heating boilers. Because many distributors purchase both gas fires and boilers a joint survey was considered the most efficient approach to take.

2. The survey used customer lists provided by Yale & Valor, Myson, Potterton (BCI) and several other major suppliers. The survey questionnaire was sent to customers accounting for about 99 per cent of sales of gas fires or boilers of Yale & Valor, Myson and Potterton as well as to major customers on the lists provided by other suppliers (many major customers appeared on all the suppliers' lists). One hundred and twenty-five questionnaires were sent out, of which 43 were returned wholly or partially completed, 27 were nil returns (because firms had closed down, moved or were unable to provide the information requested) and the remainder elicited no response of any kind. The purchases of the firms which completed the questionnaire covered 70 to 80 per cent of the total United Kingdom market for gas fires in 1988. British Gas alone accounted for a very high proportion of gas fire sales.

3. Distributors were asked to give their assessment of the present state of competition in the market. The answers of respondents are summarised below, showing the number and proportion of respondents giving each answer and the percentages giving each answer weighted by the respondents' share of the total purchases of gas fires by all respondents in 1988 (the answers of British Gas naturally received the major weighting, reflecting its high market share).

	<i>Number of answers</i>	%	<i>Weighted %</i>
Strong competition	13	41	91
Moderate competition	11	34	5
Weak competition	<u>8</u>	<u>25</u>	<u>4</u>
Total	<u>32</u>	<u>100</u>	<u>100</u>

5. Distributors were also asked about the importance of installers' advice to consumers when choosing gas fires. Their answers were as follows:

	<i>Number of answers</i>	%	<i>Weighted %</i>
Very important	6	15	1
Moderately important	21	54	98
Of little importance	<u>12</u>	<u>31</u>	<u>1</u>
Total	<u>39</u>	<u>100</u>	<u>100</u>

6. The next question in the questionnaire was about the price sensitivity of the purchasing decisions of final customers. Respondents' answers are tabulated below:

	<i>Number of answers</i>	%	<i>Weighted %</i>
Very sensitive	10	26	3
Moderately sensitive	22	56	93
Not sensitive	<u>7</u>	<u>18</u>	<u>4</u>
Total	<u>39</u>	<u>100</u>	<u>100</u>

7. Distributors were asked what effects they thought the Yale & Valor/Myson merger would have on the supply of gas fires in the United Kingdom. Respondents' comments are summarised in

Chapter 5. Finally, distributors were asked whether the Yale & Valor/Myson merger would be for or against the United Kingdom public interest or make no difference. The answers were as follows:

	<i>Number of answers</i>	<i>%</i>	<i>Weighted %</i>
For	2	6	< 1
Against	11	31	10
No difference	22	63	90
Total	<u>35</u>	<u>100</u>	<u>100</u>