RANSOMES plc and Westwood Engineering Ltd and Laser Lawnmowers Ltd

A report on the merger situation

THE MONOPOLIES AND MERGERS COMMISSION

RANSOMES plc
and
Westwood Engineering Ltd
And Laser Lawnmowers Ltd

A report on the merger situation

Presented to Parliament by the Secretary of State for Trade and Industry by Command of Her Majesty
July 1990

Members of the Monopolies and Mergers Commission as at 29 May 1990

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Mr C A Unwin MBE[1]
Mr S Wainwright CBE
Professor G Whittington
Mr R Young

Mr S N Burbridge *(Secretary)*

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[1]These members formed the group which was responsible for this report under the chairmanship of Mr P H Dean.

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1 Summary

1.1. On 27 February 1990 the Secretary of State for Trade and Industry asked the MMC (Appendix 1.1) to investigate and report on the acquisition of Westwood Engineering Ltd (Westwood) and Laser Lawnmowers Ltd (Laser) by RANSOMES plc (Ransomes). This reference to us was made in the light of the apparently high market share for domestic ride-on mowers of the merged concern and the possible effects of the merger on the distribution of other types of domestic mowers. Westwood and Laser carried on a single enterprise mainly concerned with the manufacture in the United Kingdom of domestic ride-on mowers and their sale in the United Kingdom and elsewhere, principally continental Europe. Ransomes' main business is the manufacture and distribution of grass-care machinery in the United Kingdom, North America and continental Europe. Its subsidiary G D Mountfield Ltd (Mountfield) manufactures domestic walk-behind mowers in the United Kingdom which are sold throughout the United Kingdom and the rest of Europe.

1.2. We find that the markets for domestic ride-on mowers and domestic walk-behind mowers are separate. In 1989 these markets were worth £24 million and over £100 million respectively. In the ride-on mower market Westwood was the largest supplier with a 29 per cent share by value. Mountfield had a 4 per cent share arising mainly from sales of ride-on mowers imported from the United States. By the acquisition of Westwood, Ransomes has become the largest supplier and has increased its share of the market to 33 per cent. Ransomes faces competition from a wide range of mainly international firms. The largest competitor has 25 per cent of the market and the next four largest suppliers have appreciable shares amounting in aggregate to 21 per cent. In these circumstances we do not consider Ransomes' position in the supply of ride-on mowers to be dominant and we expect the established strong competition between suppliers to continue.

1.3. Ransomes also has a leading position in the upper end of the walk-behind mower market, with a 26 per cent share by value of sales of all petrol-powered walk-behind mowers, but the merger has not affected market concentration as Westwood no longer sells such machines.

1.4. We considered carefully whether the extension, resulting from the merger, of Ransomes' range of the more expensive domestic mowers could put it in a position to exert undue pressure on the specialist dealers which sell most of these machines. It would be of concern if Ransomes were able to use its market position to prevent dealers from selling competitors' machines. We find that a dealer typically carries a number of makes of mower as this is what the customer expects to see. There are plenty of makes to chose from. In the case of the Ransomes group's dealers, the greater part of their income from selling mowers comes from selling competitors' mowers. For these reasons we do not believe that Ransomes could put undue pressure on its dealers.

1.5. In these circumstances we consider that the merger will not adversely affect competition in either the ride-on mower or the walk-behind mower markets nor weaken competition in the distribution of domestic mowers as a whole.

1.6. We conclude, therefore, that the merger should not be disturbed.