

5 The views of other parties

Introduction

5.1. We received evidence from manufacturers and importers of mowers, two trades unions, several trade and other associations and other interested parties. Their evidence is summarised below.

Manufacturers and importers

5.2. Barrus, which imports Lawnflite ride-on mowers from the United States, was not in favour of the merger, but it told us that it was advantageous for Westwood because it could offer a wider range than before. Barrus told us that brand names were important in the mower market. A new entrant would either have to buy a brand name or establish one. It would also have to offer dealers a better product at a lower price, because a dealer with a brand leader product would be very reluctant to switch to a second brand. For similar reasons, it was very difficult to start distributing a new foreign manufacturer's product.

5.3. Barrus said that the combination of Ransomes, Mountfield and Westwood would allow Ransomes to dictate to stockists. For example, no competitive products would be permitted in their showrooms; spare parts would be restricted to chosen stockists; and dealers would have to retail all three brands or none at all. This would reduce the customer's choice.

5.4. Hayters, owned by Tomkins and a manufacturer of walk-behind and ride-on mowers, told us that there was very keen price competition in the mower market and that competition probably manifested itself in the commitment the dealers gave to the manufacturers. The relationship between the dealer and the manufacturer was very important. Hayters told us that it was fairly easy to set up as a manufacturer but that it was more difficult for new entrants to enter such a mature and conservative market.

5.5. Hayters was concerned that the merger would result in a reduction in the number of outlets available to other suppliers. Hitherto the franchises awarded to specialist dealers for distributing the products of Mountfield, Westwood and Laser were separate. Hayters believed that the purpose of the merger was to broaden Ransomes' product range, and that Ransomes would consequently seek to appoint solus franchises for distribution. This would deny other suppliers access to those dealers, and would have an adverse effect on suppliers and ultimately on consumers because of the reduced number and quality of retail outlets. As the number of dealerships and the unit value of sales were small, profitable dealer distribution could only be achieved from breadth of product range.

5.6. Al-Ko Britain Ltd, a subsidiary of Al-Ko Kober GmbH, manufactures and distributes its own range of mowers and also imports NOMA ride-on mowers and lawn tractors from the United States. It thought that Ransomes could use its brand names to split the market into 'specialist' and 'multiple' sectors. Ransomes would then gain the confidence of dealers by not offering certain brands to the 'multiple' end of the market. This would put pressure on other manufacturers of specialist mowers.

5.7. Allen Power Equipment Ltd, a manufacturer of hover mowers and other gardening equipment, congratulated Ransomes on its forward-looking policies and activities in the market-place, both in the United Kingdom and world-wide.

5.8. Ariens (UK) Ltd, which imports Ariens ride-on mowers and lawn tractors from the United States, was concerned that those of its dealers who were also Ransomes' dealers would be pressurised into buying Westwood mowers or lose their Ransomes agency.

5.9. Countax Ltd (Countax), which manufactures lawn tractor accessories, told us that the merger would not restrict choice but it would ensure that customers had the choice of a British product. Countax said that the merger had secured Westwood's financial position and would enable it to make an impression on the world market. Ransomes could provide the funds necessary for Westwood to develop the new products it needed to maintain its United Kingdom market share and begin to compete in world terms.

5.10. Kubota (UK) Ltd, an importer of Japanese ride-on mowers, said that it was a logical progression for Ransomes to extend its products to the consumer market. Also, the continuance of manufacturing at Westwood's Plymouth site would be a bonus for employment and Westwood remained a British product.

5.11. Lawnmaster, which is owned by Bartram Mowers Ltd and sells ride-on lawn tractors, felt that as Westwood made the only British garden tractor, it was important that it should not come under the control of a foreign company. Also, Westwood needed strong financial backing as well as a new and stronger management team in order to exploit the potential of its product.

5.12. Masport UK Ltd, a supplier of domestic mowers to specialist dealers, said that dealers generally stocked more than one brand of mower and were therefore unlikely to respond to any insistence that they buy from only one supplier.

5.13. An importer of ride-on mowers and walk-behind mowers from Japan told us that the combined market share of Mountfield and Westwood gave Ransomes the opportunity to dictate terms to the specialist dealer trade.

5.14. Salopian Kenneth Hudson Ltd, which imports YardPro lawn and garden tractors from the United States, told us that, as a relative newcomer in the market, its ability to expand and appoint a full nation-wide chain of dealers had been severely restricted by the power of Ransomes within United Kingdom dealerships.

5.15. Saxon Industries, importer and sole distributor of Snapper ride-on mowers and petrol-powered mowers from the United States, said that before the merger Mountfield and Westwood dealers competed with each other, but now they could both sell the same products in different colours with different model names. This restricted customer choice. It was also concerned that prices would rise and discounts to dealers would fall.

5.16. Toro Wheel Horse, which imports ride-on mowers and lawn tractors from Belgium and garden tractors from the United States, was concerned that Ransomes could apply pressure on its dealers not to stock Toro branded machines.

Trades unions

The Amalgamated Engineering Union (AEU)

5.17. The AEU, which represents about 450 of Ransomes' production staff, fully supported Ransomes' strategy to strengthen its range to ensure its viability and to win overseas contracts. The merger would improve Ransomes' sales prospects in the United Kingdom and overseas and would ensure continued employment and increasing job opportunities.

Manufacturing Science Finance (MSF)

5.18. MSF, the union which represents supervisory, technical and many of the administrative staff at Ransomes' Ipswich site, told us that its members supported the merger. It would, however, be concerned if Ransomes were to close the Ipswich site and move manufacturing to Plymouth.

Trade and other associations

Agricultural Engineers Association (AEA)

5.19. The AEA represents manufacturers of tractors and farm and garden machinery used in agriculture, horticulture, forestry and grass-care maintenance. It told us that the merger allowed Ransomes to enter the domestic market in which it was only a partial participant. The AEA felt very strongly that the merger was a positive demonstration of Ransomes' commitment to manufacture in Britain and to compete in the world market. Any restriction of the merger would have a harmful impact, both on the competitive nature of the market and on the activity of British companies in the market.

British Agricultural and Garden Machinery Association (BAGMA)

5.20. BAGMA, which represents dealers in agricultural and gardening machinery, thought that the merger was the best thing that could have happened to the trade. It was important that Westwood was taken over by a British company, and particularly one which understood the business.

5.21. BAGMA told us that it would be against any attempt by Ransomes to pursue a policy of signing exclusive dealerships. If dealers lost their Mountfield dealerships there were other manufacturers to which they could turn.

British Association of Landscape Industries (BALI)

5.22. BALI, which represents over 700 landscape contractors and suppliers to the landscape industry, was in favour of the merger. It told us that there was already strong competition in the industry from the Far East and Europe and without the merger Ransomes would be unable to continue to compete. In that event competition would be reduced to the detriment of the industry as a whole.

British Hardware Federation (BHF)

5.23. The BHF, which represents some 4,500 hardware and DIY retail outlets in Great Britain, told us that its members usually purchased Westwood products from specialist garden machinery dealers. It was concerned that if, as a result of the merger, full-line sales obligations were offered to dealers, the availability of Westwood products might be restricted to a reduced number of dealers. However, provided that competition between dealers remained unaltered by full-line forcing, the BHF supported the merger.

Institute of Groundsmanship

5.24. The Institute of Groundsmanship, which represents professional groundsmen, believed that the merger would have little adverse effect upon United Kingdom markets, and indeed it should improve the situation. In its view the merger was only meeting competition with competition within a continually expanding market.

Other interested parties

5.25. Dick Lawson Ltd, an agricultural and horticultural engineer and hirer of equipment, was in favour of the merger. It told us that as Westwood was the only British manufacturer of ride-on mowers it would be a disaster if it was taken over by an overseas manufacturer.

Ipswich Borough Council (IBC)

5.26. IBC told us that Ransomes' innovative and responsive management strategy had enabled it to develop a world-wide reputation and contribute significantly to the economic life of Ipswich. Also, Ransomes was an excellent local employer and had been in Ipswich for 200 years.

5.27. IBC said that Ransomes needed to respond to fierce American and Japanese competition and the development of the single European market. Organic growth alone would not be enough and Ransomes needed to acquire companies, such as Westwood, which would broaden its product range. The merger would give Ransomes the range of domestic grass products it needed to compete in world markets, not provide it with a monopoly. IBC told us that the merger would strengthen Ransomes' financial and marketing base and create opportunities for growth in both output and employment.

Plymouth City Council (PCC)

5.28. PCC told us that for over 40 years it had pursued a policy to diversify the area's employment base and thus avoid its heavy dependence on the Naval Dockyard. It welcomed Westwood's move to Plymouth in the early 1970s and the company's subsequent growth. PCC said that the merger had strengthened Westwood's financial and marketing base and would create opportunities for further growth, both in output and jobs.