

## Price dispersion analysis

1. In order to evaluate the extent of price dispersion in the brick industry and to assess the findings put to us by the parties, we have analysed the price dispersion for four Wienerberger brick types: Winchester Multi Brick from Warnham, Antigua Red Brick from Cheadle, Woodland Mixture Brick from Denton, and Cranbrook Red Brick from Sandown. We were unable to generate identical results to those submitted by the parties,<sup>1</sup> nevertheless the level of price dispersal is broadly similar: prices do seem to vary quite considerably by customer and do not seem to vary in a consistent manner with volume. Moreover, the observation that prices are dispersed does not rely on choosing the time period that the parties have used: prices remain dispersed when the time period is extended from three months to the whole of 2006 and when assessed using transactions that took place in 2005.
2. Figures 1 to 4 show average ex-works price paid by particular customers (excluding rebates) and the volume purchased by each customer for 2006. The inclusion of rebates, whilst adding complexity to the pricing process (and arguably making prices less transparent), would lower the transaction prices paid for some customers.

FIGURE 1

### Price and volume dispersion of sales of Winchester Multi Bricks from Warnham 2006



Source: CC analysis of data provided by Wienerberger.

FIGURE 2

### Price and volume dispersion of sales of Antigua Red Bricks from Cheadle 2006



Source: CC analysis of data provided by Wienerberger.

FIGURE 3

### Price and volume dispersion of sales of Woodland Mixture from Denton 2006



Source: CC analysis of data provided by Wienerberger.

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<sup>1</sup>This could be because the time periods used are slightly different. Alternatively it could be that the parties' analysis includes some discounts that our database does not.

FIGURE 4

**Price and volume dispersion of sales of  
Cranbrook Red Bricks from Sandown 2006**



Source: CC analysis of data provided by Wienerberger.

3. Figures 1 to 4 show that prices do vary. This is also demonstrated in Figures 5 to 8, which show the cumulative distribution of the transactions depicted in the figures above, but incorporating information on volume. However, the inferences we can draw from these figures are limited as the underlying data do not distinguish between customer types, collected and delivered sales, haulage distance or demand conditions such as high or low seasons.

FIGURE 5

**Price and volume distribution of sales of Winchester multi bricks  
from Warnham, 2006**



Source: CC analysis of data provided by Wienerberger.

FIGURE 6

**Price and volume distribution of sales of Antigua Red Bricks  
from Cheadle, 2006**



Source: CC analysis of data provided by Wienerberger.

FIGURE 7

**Price and volume distribution of sales of woodland mixture from Denton, 2006**



Source: CC analysis of data provided by Wienerberger.

FIGURE 8

**Price and volume distribution of sales of Cranbrook  
red bricks from Sandown, 2006**



Source: CC analysis of data provided by Wienerberger.