

Anticipated acquisition by the Loxam Group through Nationwide Platforms Limited of UK Platforms Limited

Decision on relevant merger situation and substantial lessening of competition

ME/6777/18

The CMA's decision on reference under section 33(1) of the Enterprise Act 2002 given on 19 December 2018. Full text of the decision published on 16 January 2019.

Please note that [X] indicates figures or text which have been deleted or replaced in ranges at the request of the parties or third parties for reasons of commercial confidentiality.

SUMMARY

1. The Loxam Group (**Loxam**), through its wholly-owned subsidiary Nationwide Platforms Limited (**Nationwide Platforms**), has agreed to acquire UK Platforms Limited (**UKP**) from HSS Hire Group (the **Merger**). Loxam, Nationwide Platforms and UKP are together referred to as the **Parties**.
2. The Competition and Markets Authority (**CMA**) believes that it is or may be the case that each of Loxam and UKP is an enterprise; that these enterprises will cease to be distinct as a result of the Merger; and that the share of supply test is met. Accordingly, arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
3. The Parties both supply mobile elevating working platforms (**MEWPs**), in particular boom lifts (**booms**) and scissor lifts (**scissors**), for hire. MEWPs are used by customers (eg construction, utilities and facilities management companies) to facilitate working at height.
4. Customers are serviced from the Parties' networks of depots, which both cover the whole of Great Britain. Due to the different types of customers

served, there are national and local aspects to competition. The CMA has therefore assessed the impact of the Merger in the supply of booms and scissors for hire (i) to national customers in Great Britain, and (ii) to local customers in catchment areas of 60 and 80 minute drive times around each of the Parties' depots.

5. The CMA investigated whether the Merger would give rise to horizontal unilateral effects in these frames of reference. The CMA found that the Merger does not give rise to competition concerns, for the following reasons:
 - At a national level, the Parties have relatively modest combined shares of supply ([20-30]%), and the Merger brings about only a small increment ([5-10]%). The Parties both specialise in the hire of booms and scissors and there are relatively few other specialist competitors at the national level (the largest being AFI). However, two generalist plant, tool and equipment hire companies, A-Plant and Speedy, are larger than or a similar size to UKP in the supply of booms and scissors, and other national generalists (with less focus on booms and scissors), smaller specialists and alliances all provide additional competitive constraints to some extent.
 - At a local level, the Parties' three main national competitors (AFI, A-Plant, and Speedy) are all present in almost all overlap areas, as well as additional national suppliers and alliances. For local and regional customers, other local suppliers are also a constraint. The CMA also notes that most suppliers appear willing to travel further to deliver booms and scissors than the conservative catchment areas the CMA has used.
6. The large majority of customers the CMA contacted as part of its merger investigation did not raise concerns regarding the Merger.
7. Accordingly, the CMA believes that the Merger does not give rise to a realistic prospect of a substantial lessening of competition (**SLC**) as a result of horizontal unilateral effects in the supply of booms and scissors for hire in either Great Britain or at a local level.
8. The Merger will therefore **not be referred** under section 33(1) of the Enterprise Act 2002 (the **Act**).

ASSESSMENT

Parties

9. Loxam is a European rental equipment company. In Great Britain, Loxam offers MEWPs for rent, through its wholly-owned subsidiary Nationwide

Platforms. Nationwide Platforms owns around [X] MEWPs, available from 30 depots across Great Britain. Loxam's turnover in 2017 was £1,199 million worldwide, of which £[X] million was generated in the UK.

10. UKP is a division of HSS Hire Group (HSS). UKP also offers MEWPs for rent. UKP owns around [X] MEWPs, available from 12 depots across Great Britain. UKP's turnover in 2017 was £31.8 million, all generated in the UK.

Transaction

11. On 19 July 2018, the Parties entered into a Share Purchase Agreement under which Nationwide Platforms will pay £45 million to acquire all the share capital of UKP.
12. The Parties have also entered into a five-year agreement under which UKP will have the first right of refusal to supply MEWPs and services to HSS, where HSS is unable to satisfy demand from its own resources.¹
13. Loxam's stated rationale for the Merger is to grow its powered access business in Great Britain, in particular through accessing a more diverse customer base. It also said that the Merger will allow it to improve its cost synergies and thereby offer better products and services to customers.
14. The Merger is conditional on CMA clearance. The Parties informed the CMA that the Merger has not been notified in any other jurisdiction.

Jurisdiction

15. Each of Loxam and UKP is an enterprise. As a result of the Merger, these enterprises will cease to be distinct.
16. The UK turnover test is not met because the turnover of UKP does not exceed £70 million.
17. The Parties both supply booms and scissors for hire in Great Britain. The Parties' combined share of supply for booms is [30-40%] by volume (units owned), with an increment of [5-10%] brought about by the Merger (see paragraph 46). The CMA therefore believes that the share of supply test in section 23 of the Act is met.

¹ The Parties submitted that since UKP generated [30-40%] of its revenue from HSS in 2017, this commercial agreement formalises the existing intra-group arrangements between HSS and UKP. HSS also supplies MEWPs and will continue doing so post-Merger, in competition with the merged entity. HSS (excluding UKP) has [X] MEWPs.

18. Accordingly, the CMA believes that it is or may be the case that arrangements are in progress or in contemplation which, if carried into effect, will result in the creation of a relevant merger situation.
19. The initial period for consideration of the Merger under section 34ZA(3) of the Act started on 8 November 2018. The statutory 40 working day deadline for a decision is therefore 7 January 2019.

Counterfactual

20. The CMA assesses a merger's impact relative to the situation that would prevail absent the merger (ie the counterfactual). For anticipated mergers, the CMA generally adopts the prevailing conditions of competition as the counterfactual against which to assess the impact of the merger. The CMA will assess the merger against an alternative counterfactual where, based on the evidence available to it, it believes that, in the absence of the merger, the prospect of these conditions continuing is not realistic, or there is a realistic prospect of a counterfactual that is more competitive than these conditions.²
21. The Parties submitted that, absent the Merger, UKP would have been sold to another party or would have received less investment from HSS over time. However, the Parties did not provide evidence to support a counterfactual in which UKP would have been weaker than pre-Merger. Third parties also did not indicate this would be the case. Therefore, the CMA believes the prevailing conditions of competition to be the relevant counterfactual against which to assess the effects of the Merger.

Frame of reference

22. Market definition provides a framework for assessing the competitive effects of a merger. It involves an element of judgement. The boundaries of the market do not determine the outcome of the analysis of the competitive effects of the merger. There can be constraints on merging parties from outside the relevant market, segmentation within the relevant market, or other ways in which some constraints are more important than others. The CMA will take these factors into account in its competitive assessment.³

² [Merger Assessment Guidelines](#) (OFT1254/CC2), September 2010, from paragraph 4.3.5. The [Merger Assessment Guidelines](#) have been adopted by the CMA (see [Mergers: Guidance on the CMA's jurisdiction and procedure](#) (CMA2), January 2014, Annex D).

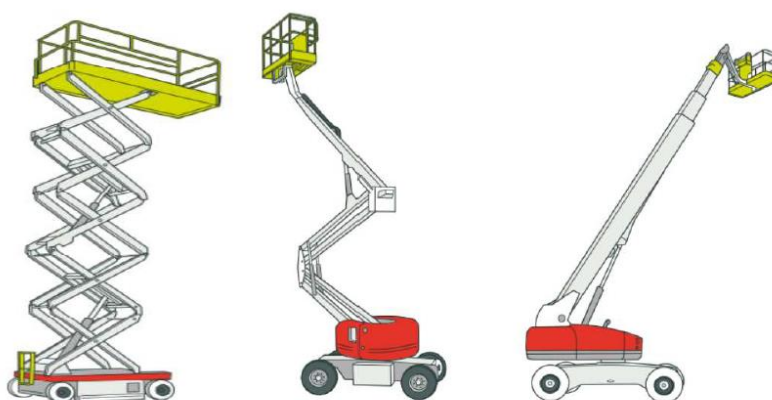
³ [Merger Assessment Guidelines](#), paragraph 5.2.2.

Background

23. The Parties both supply MEWPs for hire in Great Britain.⁴ There are various types of MEWPS, but the Parties primarily overlap in the supply of booms and scissors for hire:⁵

- A boom is a lift that can move both horizontally and vertically, with either a telescopic or articulated arm. A boom typically has a greater range of movement compared to scissors.
- A scissor is a vertical lift.

24. Examples of booms and scissors are illustrated below:



From left to right: scissors lift, boom lift with articulated arm and boom lift with telescopic arm.

25. In July 2018, in Great Britain, Nationwide Platforms owned around [✂] booms and scissors, and UKP owned around [✂]. Although there are different types of booms and scissors (eg in their height and mechanism), the booms and scissors owned by each Party are broadly similar.
26. MEWP customers are typically construction, utilities, or facilities management companies. Customers that hire booms and scissors vary both in size and their geographic area of activity. Some customers are primarily active in one region or local area, while other larger customers are active across Great Britain.
27. Customers mostly hire booms and scissors on a short-term basis (often for less than a week). Many customers told the CMA that they prefer to hire rather than buy booms and scissors because it avoids ongoing maintenance

⁴ The Parties are not active in the supply of MEWPs for hire in Northern Ireland.

⁵ Nationwide Platform owns some MEWPs that are not booms or scissors, such as spider lifts and vehicle mounted platforms, and UKP owns another type of MEWP, telehandlers.

costs and capital expenditure, although some customers do own some MEWPs.⁶ MEWP providers normally deliver MEWPs to customers and collect them at the end of the hire period.

28. The supply of MEWPs for hire is not typically through tenders or bidding processes, although tenders are sometimes used by larger, national customers.
29. Cross-hiring MEWPs between suppliers is common. The Parties both supply MEWPs to rivals through cross-hire agreements and all the competitors that responded to the CMA's questionnaire said that they cross-hire to some extent. Cross-hire accounts for around [0-10%] of Nationwide Platforms' revenues and around [0-10%] of UKP's revenues.⁷

Product scope

30. In previous decisions, the CMA has found that different types of tool and equipment are not demand substitutes.⁸ While those decisions considered general tool and equipment hire and not MEWPs specifically, the Parties submitted that the same principle applies to MEWPs as there is unlikely to be material demand-side substitutability between different categories of MEWP equipment.
31. Third parties confirmed this view. Generally, different types of MEWPs serve different purposes, depending on the vertical and horizontal requirements of a particular job. For example, a boom may be preferred where the job requires a degree of horizontal movement, while scissors are used for jobs where only vertical access is necessary.
32. Nevertheless, in *VP/Brandon* the CMA adopted a single frame of reference for tool and equipment hire based on supply-side substitutability. The CMA found that conditions of competition were similar across all categories of tool and

⁶ According to third parties, the average price to buy a new MEWP is around £17k-£20k (and for a used MEWP is around £8k-£12k). According to the Parties, the average daily hire price is £[redacted] for scissors and £[redacted] for booms. There is a limited overlap between the Parties in the sale of MEWPs. In 2017, Nationwide Platforms generated £[redacted] from the sale of new MEWPs, while UKP generated £[redacted]. Given the Parties' limited activities in this area, this overlap is not considered further in this Decision.

⁷ Only a small number of the national competitors that responded to the CMA's questionnaire indicated that they cross-hire from Nationwide Platforms. Given competitors' small reliance on Nationwide Platforms, the small proportion of the Parties' revenue derived from it, and the prevalence of cross-hire from a range of suppliers, the CMA has not considered further the possibility of vertical effects arising from cross-hire arrangements. The CMA reached the same conclusion for similar reasons in its 2018 decision in *VP/Brandon*.

⁸ See, eg, *Speedy/Hewden*, *VP/Brandon*.

equipment hire, and that expanding the range of tool and equipment hire in response to changes in demand was relatively simple.⁹

33. The CMA found that the same supply-side considerations¹⁰ apply to booms and scissors in the present case, for the following reasons:
- a) Based on industry reports, the vast majority of MEWP suppliers provide both booms and scissors and all the competitors that responded to the CMA's questionnaire confirmed that they supply both booms and scissors for hire. Third parties said that there are no significant additional competitors which only supply one of the products, and that the conditions of competition are similar across the two products.
 - b) Suppliers can adapt the equipment they offer to respond to a shift in demand, as the branch network, staff, and customer base remain the same. Moreover, the ease and extent of cross-hiring in the industry means that switching between the supply of booms and scissors in the short-term is relatively simple.
34. Accordingly, based on supply-side substitutability, the CMA has assessed the impact of the Merger in the supply of booms and scissors for hire. However, it was not necessary for the CMA to conclude on the precise frame of reference because no competition concerns arise on any plausible basis.

Geographic scope

35. In *VP/Brandon*, the CMA separately considered national and local customers, for the following reasons:¹¹
- a) National customers required suppliers which could service their needs nationwide. Competition for these customers took place between suppliers that operated a network of depots across the UK.
 - b) By contrast, local customers assessed suppliers in their local area based on a range of factors, including the proximity of the depot. Competition for these customers therefore took place locally or regionally. The CMA considered local catchment areas of 20 mile straight-line distances.

⁹ *VP/Brandon*, paragraph 31.

¹⁰ While the boundaries of the relevant product frame of reference are generally determined by reference to demand-side substitution alone, the CMA may widen the scope of the market where there is evidence of supply-side substitution, see *Merger Assessment Guidelines*, paragraph 5.2.17.

¹¹ *VP/Brandon*, paragraph 32-42.

36. In the present case, the available evidence similarly indicates that competition takes place at both a national and local level, as set out below.

National customers

37. The CMA has considered the impact of the Merger on national customers, for the following reasons:

- a) All national customers that responded to the CMA's questionnaire said that suppliers' national coverage was important when choosing a MEWP supplier. These customers said that suppliers with a network of depots across Great Britain are their preferred option to meet their booms and scissors needs.
- b) A large competitor explained that, for national customers, having a supplier with national reach is important because the customer will want one point of contact for all their hires across the country.
- c) Larger national customers tend to have framework agreements with one or more national suppliers. Under these agreements, prices are fixed for a period (eg a year), though there is no obligation under the agreement for the customer to source their MEWP needs from the supplier.¹²

Local customers

38. For local customers, it is not important whether a supplier has a national network of depots. Instead, local customers assess the suppliers in their area based on factors such as delivery times, reliability and price. Therefore, competition for these customers takes place at the local level.

39. MEWPs are larger, heavier, and more expensive than most of the tools and equipment considered in *VP/Brandon*. Relative to their hire cost, it is therefore more economic to transport MEWPs over longer distances than the tools in that case. In addition, MEWPs are almost always delivered, whereas some customers in *VP/Brandon* collected their tools.

40. Based on data from the Parties about actual delivery distances, and customer responses, the CMA found that suppliers are willing to deliver MEWPs over long distances, at least 60-80 minutes' drive time from their depots, and further in some instances.¹³

¹² The Parties generate around half of their revenue from customers with framework agreements.

¹³ The maximum delivery distances ranged from 80 to 200 minutes' drive time. Nationwide Platforms' rates are based on whether platforms are delivered within [redacted] or more than [redacted] minute windows. UKP quotes for transport are typically calculated on a [redacted] miles radius, which roughly corresponds to a [redacted] minute drive time.

41. On a cautious basis, the CMA has therefore assessed the Merger using local frames of reference of 60-80 minute drive times. However, it was not necessary for the CMA to conclude on the precise geographic frame of reference at the local/regional level because no competition concerns arise on any plausible basis.

Conclusion on frame of reference

42. For the reasons set out above, the CMA has assessed the impact of the Merger in the supply of booms and scissors for hire (i) to national customers in Great Britain, and (ii) to local customers in catchment areas of 60 and 80 minute drive times around each of the Parties' depots.
43. However, it was not necessary for the CMA to reach a conclusion on the precise frame of reference as no competition concerns arise on any plausible basis.

Competitive assessment

Horizontal unilateral effects

44. Horizontal unilateral effects may arise when one firm merges with a competitor that previously provided a competitive constraint, allowing the merged firm profitably to raise prices or to degrade quality on its own and without needing to coordinate with its rivals.¹⁴
45. The CMA assessed whether it is or may be the case that the Merger may be expected to result in an SLC in relation to horizontal unilateral effects in the frames of reference set out above.

Supply of booms and scissors for hire to national customers

Shares of supply

46. The CMA collected information from both the Parties and their competitors by both revenues and units of booms and scissors owned. Table 1 sets out estimated shares of supply based on owned units,¹⁵ separately for booms and scissors.¹⁶

¹⁴ [Merger Assessment Guidelines](#), from paragraph 5.4.1.

¹⁵ The revenue data is, in any event, broadly in line with the unit shares presented here.

¹⁶ The Parties excluded push arounds (MEWPs for low-level access that can be moved manually, which UKP does not own) from their share estimates. The CMA followed the Parties' approach where possible. However,

Table 1. Parties' national shares of supply by volume of units owned

Company	Booms		Scissors		Booms and Scissors	
	Units	Share	Units	Share	Units	Share
Nationwide Platforms	[X]	[20-30%]	[X]	[10-20%]	[X]	[20-30%]
UKP	[X]	[5-10%]	[X]	[0-5%]	[X]	[5-10%]
Combined	[X]	[30-40%]	[X]	[20-30%]	[X]	[20-30%]
AFI	[X]	[5-10%]	[X]	[5-10%]	[X]	[5-10%]
A-Plant	[X]	[10-20%]	[X]	[5-10%]	[X]	[5-10%]
Speedy	[X]	[0-5%]	[X]	[5-10%]	[X]	[5-10%]
HSS	[X]	[0-5%]	[X]	[5-10%]	[X]	[5-10%]
GT Access	[X]	[0-5%]	[X]	[0-5%]	[X]	[0-5%]
Other	[X]	[30-40%]	[X]	[40-50%]	[X]	[40-50%]
Total	[15,000 – 20,000]	100.0%	[30,000 – 35,000]	100.0%	[50,000 – 55,000]	100.0%

Source: Parties' estimates (based on 2018 Cranes & Access and 2018 IPAF reports supplemented with industry knowledge) and data provided to the CMA by competitors where available.

47. Table 1 shows that the Parties' combined shares of supply at the national level are relatively modest at around [30-40%] for booms and [20-30%] for scissors, and [20-30%] when considered together. The increment from the Merger is small at [5-10%] for booms and [0-5%] for scissors, and [5-10%] together. While Nationwide Platforms is the largest provider, there are several competitors that are larger than or a similar size to UKP, including AFI, A-Plant and Speedy. HSS also remains a significant competitor in scissors.
48. The CMA found that these share of supply estimates are consistent with the estimates that appear in Nationwide Platforms' internal documents, which refer to combined shares of [20-30%] in powered access more broadly, with an increment of [0-5%] from the Merger.

Closeness of competition

49. Unilateral effects are more likely where the merger eliminates a significant competitive force in the market or where the merging firms' products compete closely.
50. The Parties submitted that they are not close competitors. They said that: (i) UKP owns a smaller number and range of MEWPs than Nationwide Platforms; (ii) Nationwide's customer-base is construction-related, while UKP focuses on facilities management; (iii) the Parties have only [X] common

certain updated numbers for the competitors might still include push arounds. Given the small number of push arounds, the CMA believes that this would not materially affect the accuracy of the share estimates.

customers, out of [X] total customers; and (iv) some of Nationwide Platforms' internal documents do not mention UKP as one its top three rivals.

51. The CMA reviewed the Parties internal documents and tender data, and considered third party views.

Internal documents

52. The Parties' internal documents present a mixed picture on how closely they compete. Some of Nationwide Platforms' documents identify UKP as a credible national competitor, along with Speedy, AFI, and A-Plant, although typically UKP is positioned as the fifth largest supplier. Other documents corroborate the Parties' submission that they are differentiated, identifying differences in the Parties' product range and customer base. One of Nationwide Platforms' documents notes that UKP has a different 'typology of clients' compared with Nationwide Platforms.

Tender data

53. The Parties provided tender data indicating the number of tenders for large customers in which the Parties have participated. The data showed that UKP does not significantly constrain Nationwide Platforms, participating in only a small proportion of the tenders that Nationwide Platforms entered and not winning any.¹⁷

Customer views

54. Customers generally told the CMA that the Parties' product ranges are similar, although some customers mentioned certain differences. For example, one of Nationwide Platforms' customers said that UKP is too small for its requirements in terms of fleet and equipment. Another customer noted that Nationwide Platforms had a better range of specialist services (eg truck mounted equipment, which UKP does not own) and more innovative safety features.
55. On the basis of this evidence, the CMA believes that the Parties do compete, offering a broadly similar product range, service proposition, and national scope. However, the Parties are not particularly close competitors and UKP does not appear to be a significant constraint on Nationwide Platforms.

¹⁷ This includes tenders where HSS participated but the MEWPs were supplied or intended to be supplied by UKP.

Competitive constraints

56. Unilateral effects are more likely where customers have little choice of alternative suppliers or where these alternative suppliers cannot compete effectively.
57. The Parties identified their top national competitors as AFI, A-Plant, Height for Hire, HSS, Speedy, and VP (of which AFI and Height for Hire are specialists in powered access equipment, whereas the others are generalist plant, tool and equipment hire companies). The Parties said that smaller competitors can also compete for national customers through alliances (Access Link or Access Alliance) and these two alliances should be considered as additional national competitors.¹⁸
58. The Parties' internal documents broadly confirm the Parties' submissions. Nationwide Platforms' internal documents show that it considers a large number of rivals, with one document identifying [more than 50] local, [more than 10] regional, 4 national, and [a few] generalist competitors (some of which are national competitors).¹⁹ Similarly, UKP's internal documents identify the following rivals: AFI, A-Plant, Riwal, Height for Hire, Charles Wilson and GT Access.
59. In response to the CMA's questionnaire, customers and competitors identified many credible alternatives to the Parties, mentioning 87 different suppliers. The most frequently mentioned rivals were (in order): AFI, A-Plant, Speedy, Star Platforms, VP (MEP Hire), Riwal, Height for Hire, and Charles Wilson.
60. Some national customers said that some of the larger regional suppliers were also alternatives to the Parties, including Star Platforms, Neon Hire, Eagle Platforms, Horizon Platforms, Aerial Platforms and ATP.
61. The CMA assessed some of the larger competitors as follows:
62. **AFI** is a specialist supplier of powered access equipment for hire and sale, including booms and scissors. AFI operates 24 depots supplying booms and scissors across the UK. AFI has a national share of supply of [5-10%] in booms and [5-10%] in scissors. Customers said that AFI is a strong alternative to the Parties. The CMA believes that AFI is a credible national competitor.

¹⁸ The alliances are collaborations between local or regional suppliers, offering national or multi-regional coverage via different suppliers, through a single point of contact.

¹⁹ The national generalists are HSS, VP Hire Station (MEP and Higher Access), A-Plant (+Hewden Access), Speedy and CW Access Rental. National specialists include Height for Hire, and AFI.

63. **A-Plant** is an equipment rental company (generalist) that provides powered access equipment hire, including booms and scissors. A-Plant supplies booms and scissors from 40 locations across the UK. A-Plant has a national share of supply of [10-20%] in booms and [5-10%] in scissors. Customers said that A-Plant is a strong alternative to the Parties with a good range of MEWPs. Like AFI, the CMA believes that A-Plant is a credible national competitor.
64. **Speedy** is an equipment rental company (generalist) that provides MEWPs for hire, including booms and scissors. Speedy's MEWP fleet is operated from 49 locations across the UK. Speedy re-hires some of the equipment it offers from Nationwide Platforms and also has its own fleet. Speedy has a national share of supply of [0-5%] in booms and [5-10%] in scissors. Customers said that Speedy is an alternative to the Parties, and the CMA noted that Speedy is mentioned in Nationwide Platforms' internal documents as '*an escalating threat.*' Although its shares are a lower than AFI and A-Plant, the CMA believes that Speedy is a credible national competitor.
65. **HSS** will also remain in the market post-Merger as a national generalist, with around [✂] MEWPs (including [✂] scissors) of its own, and an agreement to cross-hire from the merged entity. Currently, national customers associate HSS with UKP so it was not possible for the CMA to gather clear third-party views on the extent of the constraint HSS will impose on the merged entity. However, the CMA notes that HSS will remain a supplier of MEWPs post-Merger and, on the basis of its large fleet and strong generalist position, the CMA believes that it will provide some additional competitive constraint on the merged entity, in particular in scissors.
66. Access Alliance states that it provides 'true national coverage from over 50 conveniently located depots,'²⁰ and Access Link claims its network of local suppliers provides 'UK-wide coverage.'²¹ Two national customers told the CMA that they use alliances to source national supply, although several other customers said that they did not use alliances. Competitors provided mixed views on alliances, noting that they typically struggle to compete for national framework agreements but they do enable small providers to compete on a multi-regional basis. The CMA believes that alliances provide some constraint for national customers but to a limited extent.
67. Most national customers said that they did not have concerns with the Merger, and they named several alternative suppliers. The small number of customers

²⁰ Access Alliance, [About Us](#).

²¹ Access Link, [About Us](#).

that did raise some concerns said that they had not considered alternative national suppliers.

68. Overall, the CMA believes that several national competitors will constrain the merged entity, including both national specialists and national generalists, and alliances of local suppliers to a limited extent.

Conclusion on national customers

69. For the reasons set out above, the CMA believes that the Parties compete but are not particularly close competitors in the supply of booms and scissors for hire to national customers in Great Britain, and that sufficient alternatives will remain post-Merger to constrain the merged entity.
70. The CMA therefore believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of booms and scissors for hire to national customers in Great Britain.

Supply of booms and scissors for hire to local customers

71. As discussed in the geographic frame of reference above, the CMA identified local catchment areas, on a conservative basis, 60 and 80 minutes' drive time around each of the Parties' depots.
72. Based on these catchment areas, the CMA identified: (i) 27 areas where the Parties' activities overlap in a 60 minute drive time; and (ii) 35 areas where they overlap in an 80 minute drive time.
73. To identify those overlapping areas where there may be limited competitive constraints, the CMA first considered only the three largest national competitors: AFI, A-Plant, and Speedy. The CMA identified that all three of these large suppliers were present in every overlapping catchment area apart from East Anglia, South Wales, East London/Kent, West London/Wembley, and Aberdeen; and, with respect to the 80 minute drive time (which generates some extra overlap areas), two additional areas:²² Cumbria²³ and Peterborough. The CMA therefore focussed its local analysis on these areas.
74. Recognising that there are many other competitive constraints on the Parties other than the three largest national suppliers, the CMA considered further filters. The CMA found that:

²² All three of these competitors are within 80 minutes' drive of West London/Wembley.

²³ Based around UKP's North West depot located in Tebay, Cumbria.

- including HSS, VP and Height for Hire as competitors resulted in all but one local area having more than three competing remaining fascia (other than East Anglia); and/or
 - Alternatively, including members of alliances as a single supplier resulted in all but one local area having more than three competing remaining fascia (other than Cumbria).
75. The CMA also found that many local suppliers provide a competitive constraint on the Parties for local customers, for the following reasons:
- a) the Parties' internal documents refer to several local players;
 - b) most local customers told the CMA they prefer suppliers that have nearby depots and using a supplier with a national network is not important for these customers;
 - c) most local customers also said that they would use alternative suppliers if the Parties increased their prices; and
 - d) some national customers told the CMA that, for local projects, they prefer local suppliers;
 - e) local and national customers mentioned a range of regional and local suppliers, including Star Platforms, Access Plus, JMS, Ashbrook, Lifterz, Eagle Platforms, Aerial Platforms and ATP, among many others.
76. Out of an abundance of caution, the CMA considered Cumbria and East Anglia in more detail:
- In Cumbria, the CMA found that, in addition to several local competitors, there are some larger providers, such as One Stop Hire, AFI, Riwal and Boels Tool Hire. Overall, the CMA found that there are sufficient alternatives to constrain the merged entity in Cumbria.
 - In East Anglia, the CMA found that, in addition to several local providers, other larger providers are present, such as Star Platforms, Anglia Access Platforms and Anglia Plant Hire. One large competitor said that it is not present in East Anglia due to the area being too competitive. The majority of the Parties' local customers in East Anglia who responded to the CMA expressed no concerns regarding the Merger and named alternative providers. Overall, the CMA found that there are sufficient alternatives to constrain the merged entity in East Anglia.

Conclusion on local customers

77. For the reasons set out above, the CMA believes that sufficient alternatives will remain post-Merger to constrain the merged entity in all local and regional areas of Great Britain.
78. The CMA therefore believes that the Merger does not give rise to a realistic prospect of an SLC as a result of horizontal unilateral effects in the supply of booms and scissors for hire to local customers in catchment areas of 60 and 80 minute drive times around each of the Parties' depots.

Barriers to entry and expansion

79. Entry, or the expansion of existing firms, can mitigate the initial effect of a merger on competition, and in some cases may mean that there is no SLC.
80. In the present case, the CMA has not had to conclude on barriers to entry or expansion as the Merger does not give rise to competition concerns on any basis.

Third-party views

81. The CMA contacted customers and competitors of the Parties. The large majority of customers and all major competitors raised no concerns regarding the Merger.
82. Third-party comments have been taken into account where appropriate in the competitive assessment above.

Decision

83. Consequently, the CMA does not believe that it is or may be the case that the Merger may be expected to result in an SLC within a market or markets in the UK.
84. The Merger will therefore **not be referred** under section 33(1) of the Act.

Andrew Wright
Director
Competition and Markets Authority
19 December 2018