



# Practices & behavior

*of the Czech construction companies  
in the machinery/tools rental area*



- **Brief introduction of CEEC Research and Ipsos Tambor**
- **Highlights of the construction industry development in the Visegrad Group countries (Czech, Slovakia, Poland, Hungary)**
- **Practices & behaviour of the Czech construction companies in the machinery/tools rental area**

# About the authors of this presentation



- The largest research of construction industry in Central and Eastern Europe (measured by the number of users) covering more than 10 CEE countries.
- Provides regularly free of charge construction reports which are based on the data gathered from interviews with relevant company executives.
- Research results are published in more than 150 media articles per quarter.
- In addition to free of charge reports, we also provide tailor-made research related to the construction areas.
- General partner to CEEC Research is KPMG, leading advisory company.

- TOP 1 Research Agency in the Czech Republic.
- TOP 3 Research Agency in Slovakia.
- 3rd largest research network worldwide.
- We share the regional & global experience of the Ipsos Network .
  - Publicly traded on the Paris Stock Exchange
  - 5 thousand clients worldwide.
  - Research conducted in over 100 countries
  - 20 million interviews per year .
  - 8800 employees.
  - Offices in 64 countries.

We guarantee adherence to the highest quality standards of data collection.

We are members of ESOMAR, SIMAR and SAVA.

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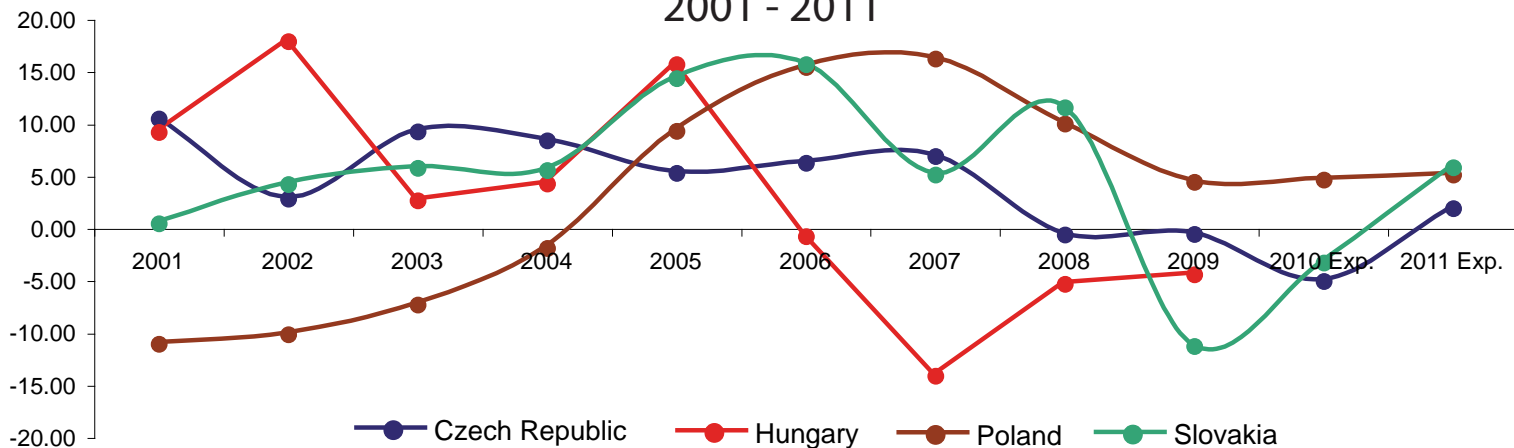
The screenshot shows the CEEC Research website interface. At the top, there is a navigation menu with links for Home, Reports, Research, For Press, In Media, Partners, References, and Contacts. Below the menu, there are three main sections: 'Research' (with a globe icon), 'Reports' (with a portrait of a man), and 'In Media' (with a rolled-up document icon). A central banner highlights 'THE LATEST CONSTRUCTION REPORTS FOR FREE DOWNLOAD'. Below this, there is a 'Download FREE' button for 'The latest report'. A red arrow points from the 'Download for free' text in the adjacent block to this button. The website footer includes contact information: kontakt@CEECConstruction.eu • tel: +420 778 048 290 and a repeat of the navigation menu.

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# Construction development in the Visegrad Group countries

## Construction industry development 2001 - 2011



Eurostat figures (might slightly deviate from the local numbers due to methodological adjustments), % change to the previous year.  
2010 and 2011 figures – expectations based on the local companies executives forecasts, HU will be available in June.

### Current key priority for the construction companies:

**To increase their operational efficiency => FTEs and machinery/tools**

Czech: 100% respondents (04/2010), Poland 95% (03/2010), Slovakia 99% (02/2010)

# Practices & behavior

## of the Czech construction companies in the machinery/tools rental area

Survey of 100 companies

Data could be provided also for Poland, Hungary and Slovakia

### How was the survey prepared - Methodology

- 100 phone interviews (CATI) with selected companies top representatives
- Sample structured as:
  - Large companies (yearly turnover > EUR 8 mil./CZK 200 mil.) vs. mid/small size (< the limit)
  - Building companies vs. civil engineering (/or combination) companies
- Strong reliability of provided data due to the five year history cooperation with the construction companies executives
- Interviews were performed at the end of April/beginning of May 2010
- Comparable analysis including data source files could also be provided for Poland, Slovakia and Hungary on request

# Highlights

LARGE MID/SMALL BUILDING CIVIL ENGINEERING

**100 Construction companies**

**75% rent machinery/tools**

**25% do not rent machinery/tools**

92% companies from the sample above use an external rental provider

8% companies use an internal rental company

**Our prime interest**



**Why?**

**Key reason:** It is more efficient to buy than rent

**Average:** renting is too expensive

**Minor reasons:**

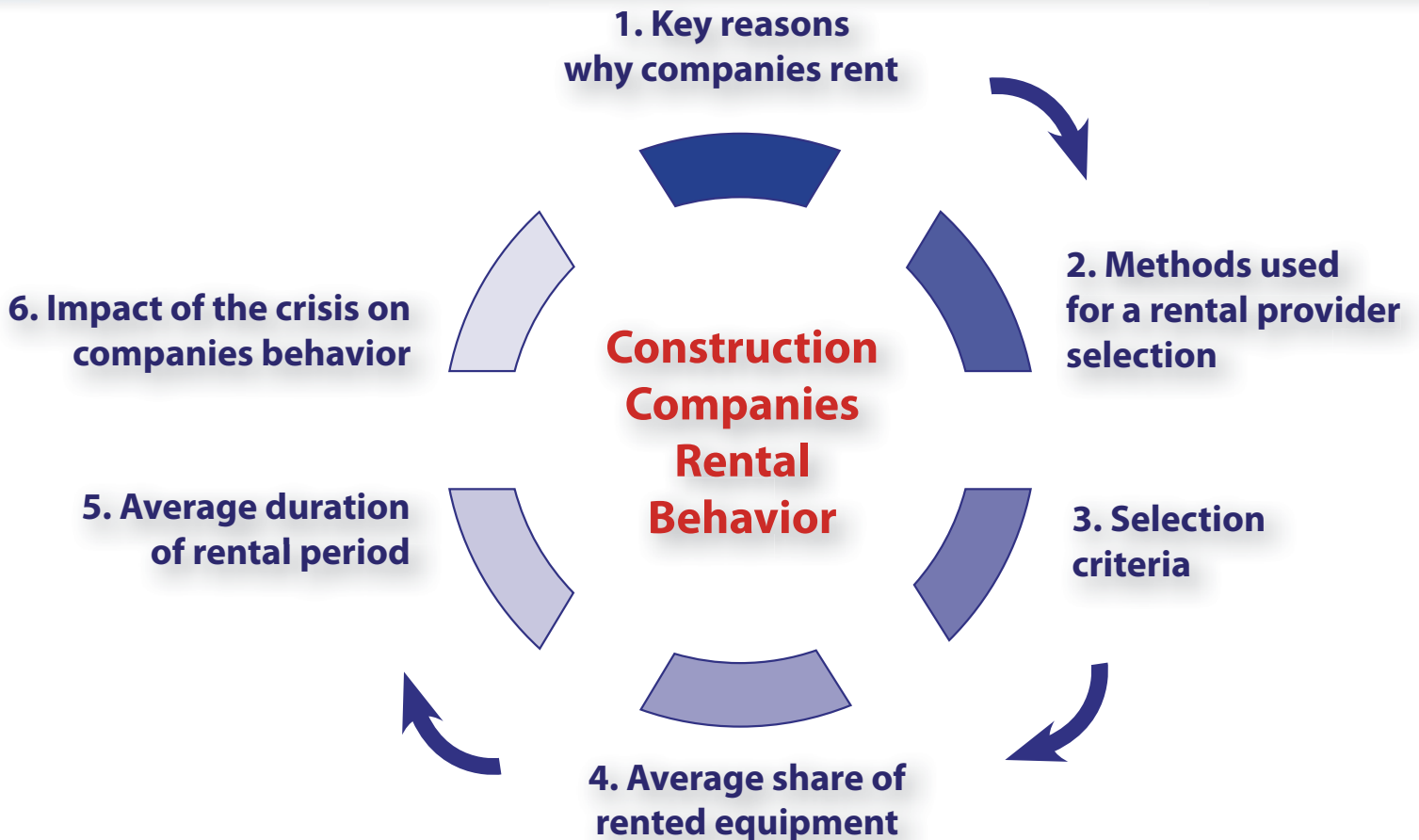
Offered portfolio does not cover our needs

Not available in our location

Bad experience with rentals from the past

## Overview of covered topics

(Companies renting from external providers)



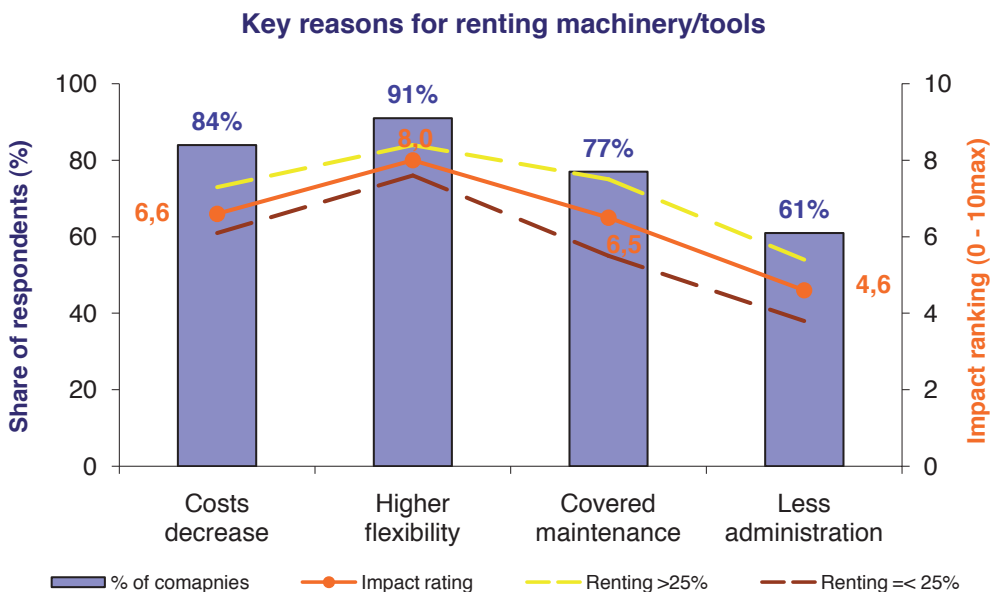
# 1. Key reasons why the companies rent Construction companies in general

- Higher flexibility is the key reason why Czech construction companies rent

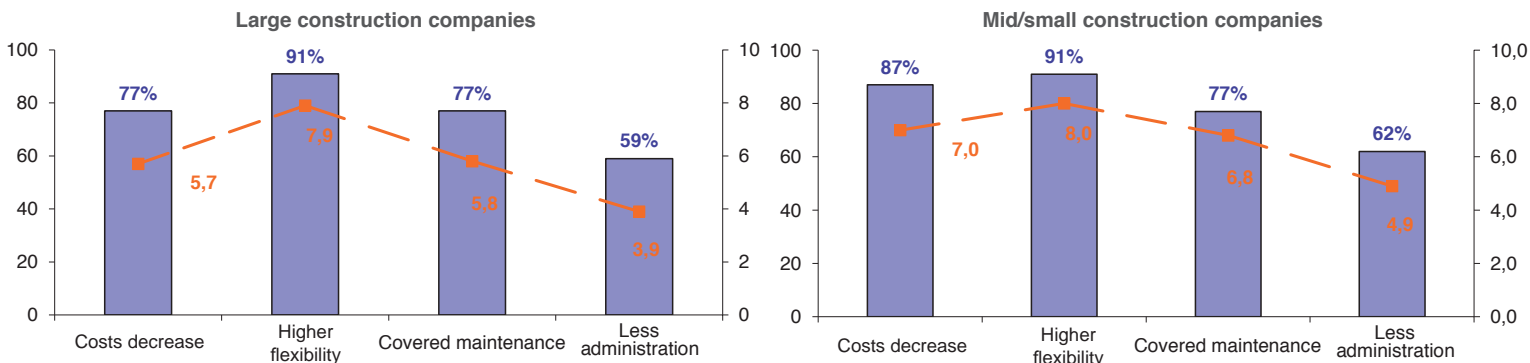
- Higher flexibility = machinery/tool available in the time when needed and delivered to the place where needed

- Decrease of costs is an important but not the prime reason

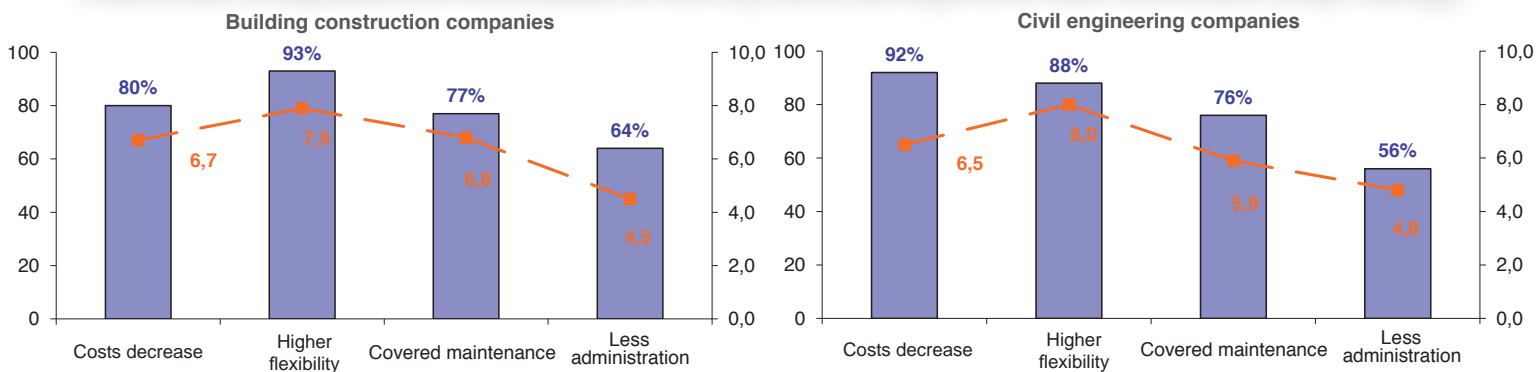
- Other, less frequently mentioned reasons for renting: unexpected need that has to be covered swiftly, specialized product that the company do not utilize very often, fewer problems with robbery (insured by the rental company), transportation/shipping managed by the rental company, etc.



# 1. Key reasons why the companies rent Segments

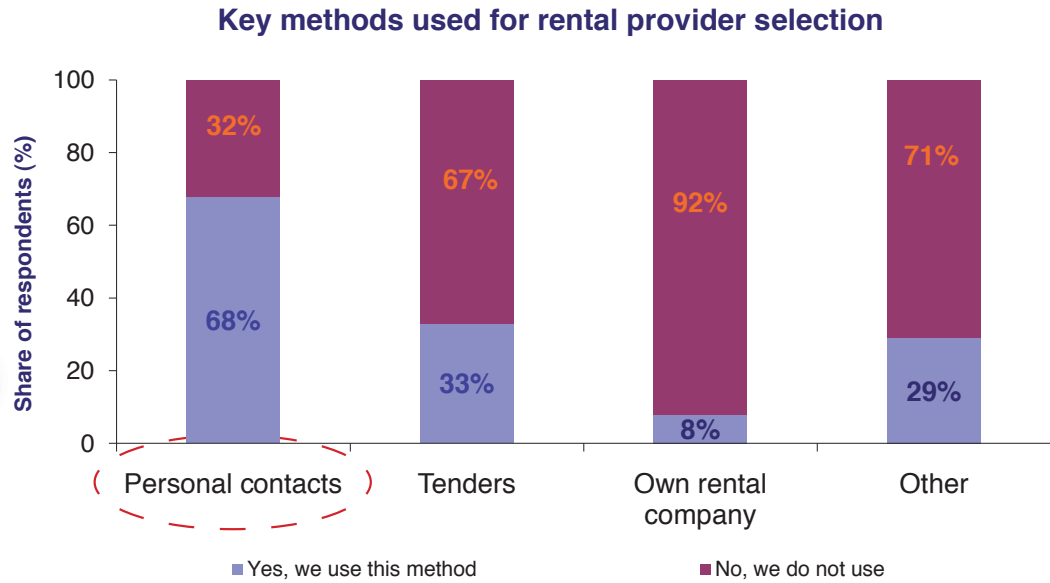


**Flexibility is crucial for all analyzed segments, very minor differences. Mid/small companies are motivated to rent by costs saving more than the others (imp. rating).**



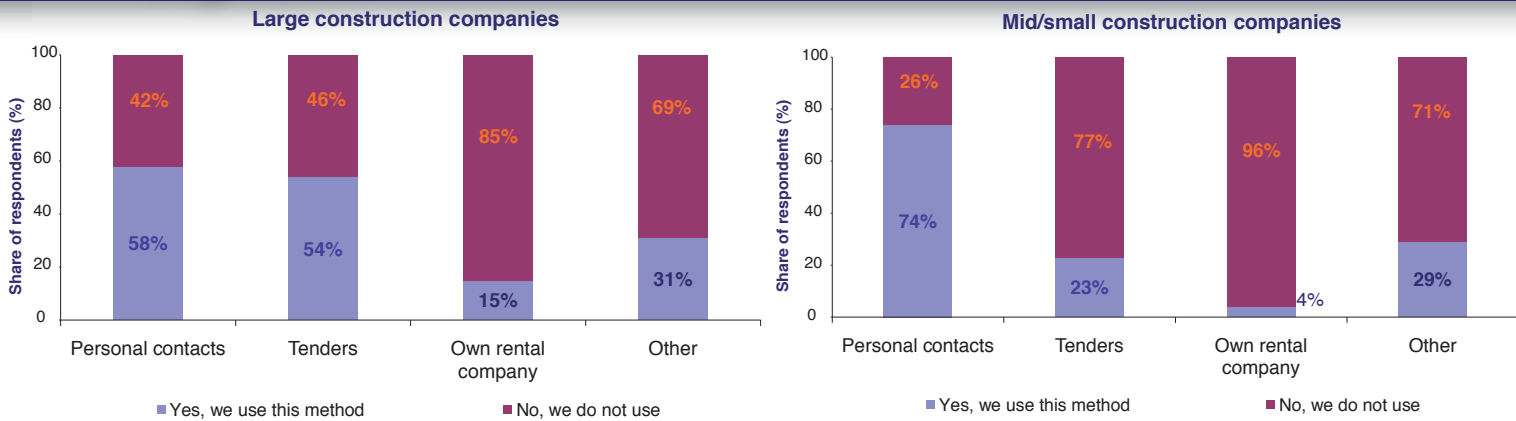
## 2. Methods used for a rental provider selection Construction companies in general

- Most often mentioned method used for rental provider selection: **personal contacts**
- **8% of respondents use their own rental company**

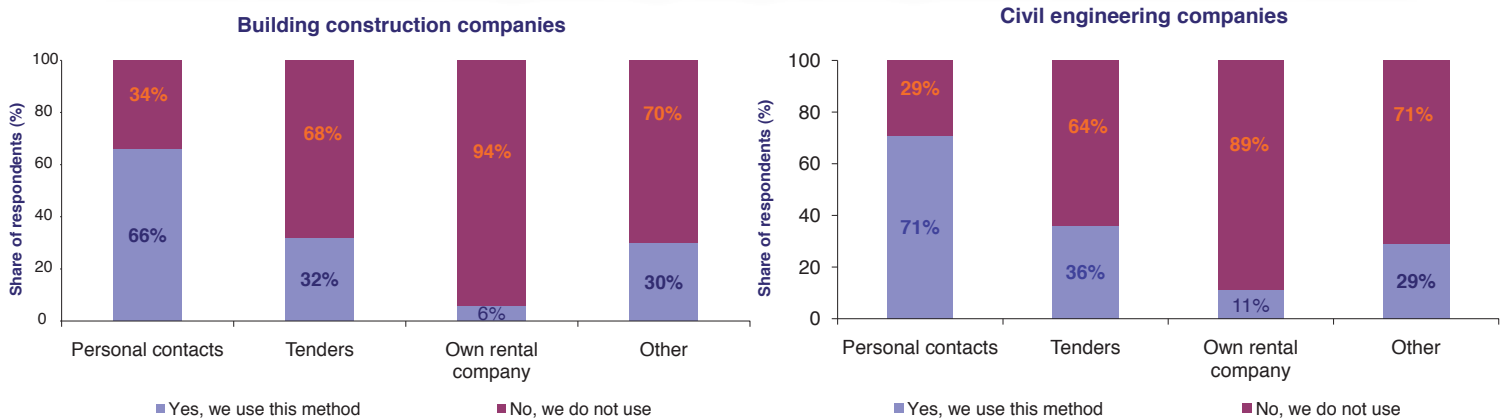


Other methods: e.g. Internet or based on the mother company decision, etc.

## 2. Methods used for rental provider selection Segments



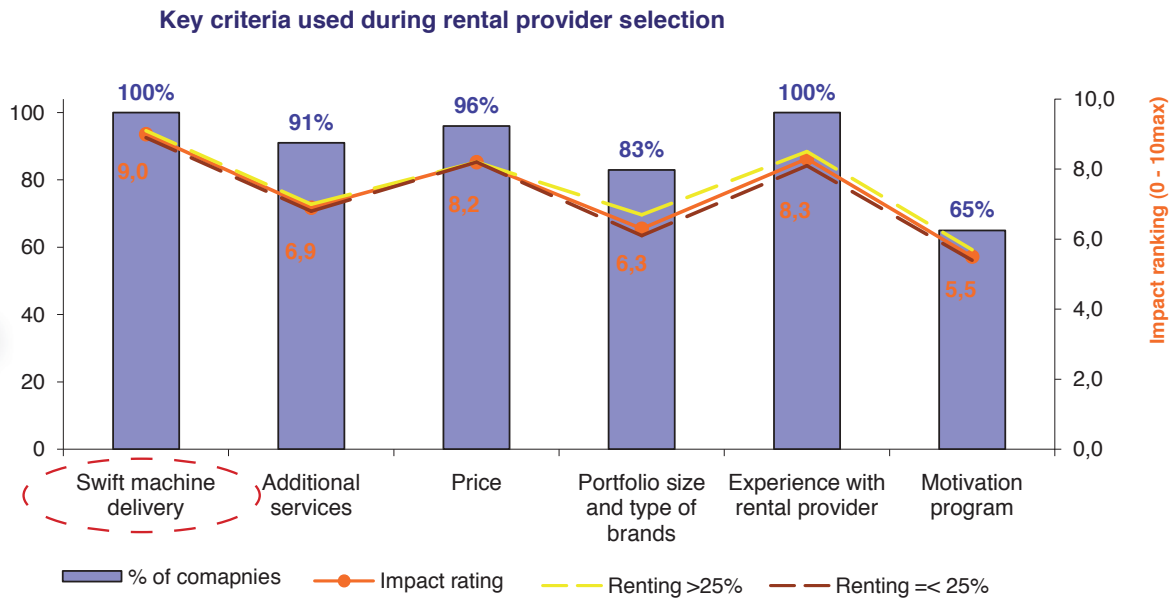
**Mid/small construction companies rely visibly more on personal contacts than on tenders.**





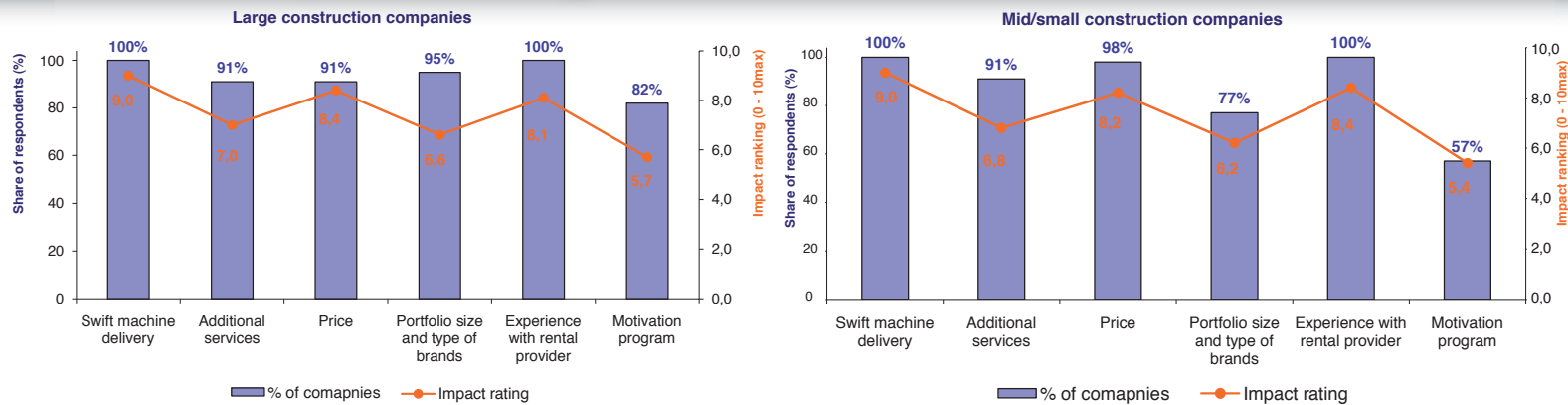
# 3. Construction companies selection criteria for a rental provider (construction companies in general)

- Key criteria:**
1. Swift machine delivery
  2. Positive experience with rental provider
  3. Price

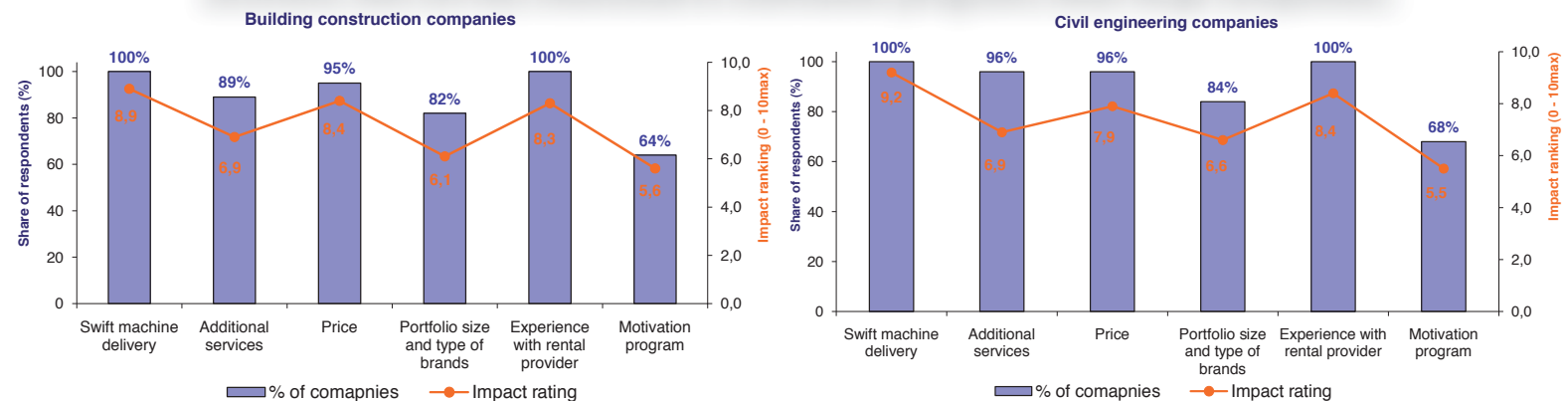


Criteria used for selection follow the reasons/need why companies rent: higher flexibility. Minor differences in used criteria by companies renting >25% or <= less than 25% of their tools.

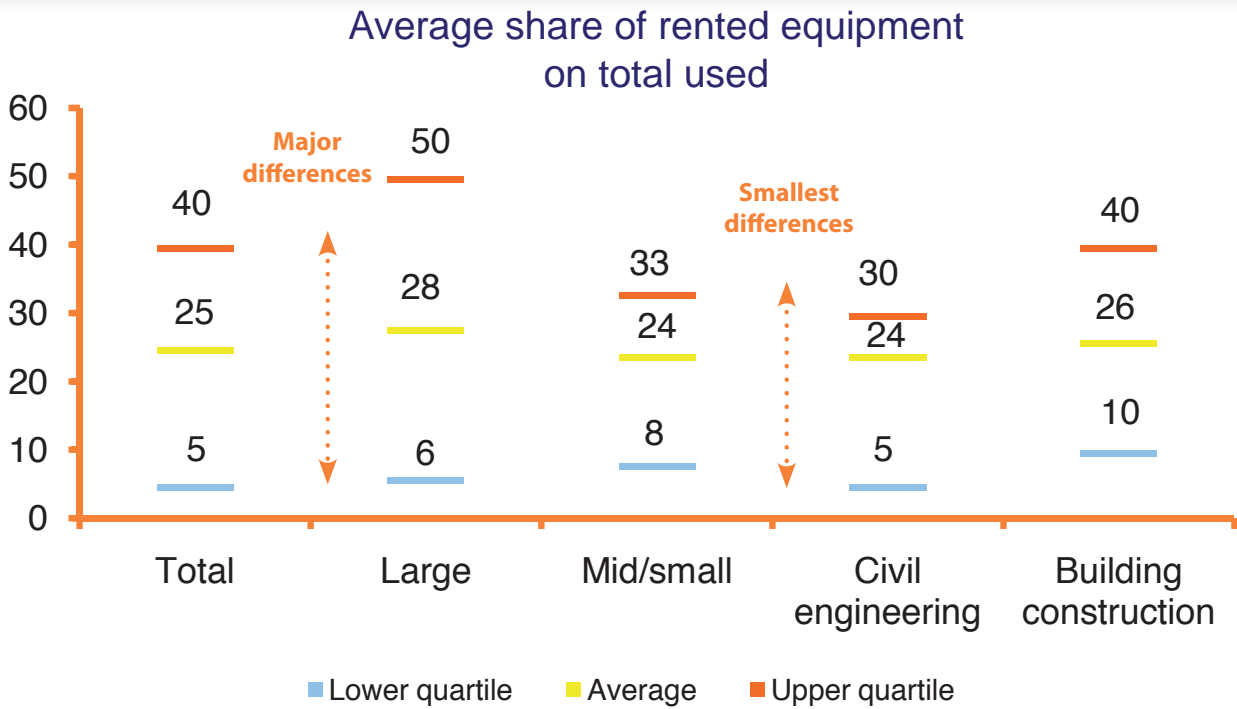
# 3. Construction companies selection criteria for a rental provider (segments)



Smaller share of mid/small construction companies selection based on portfolio/brand structure, also are less interested in motivation programs (than large companies).



## 4. Average share of rented equipment on total used



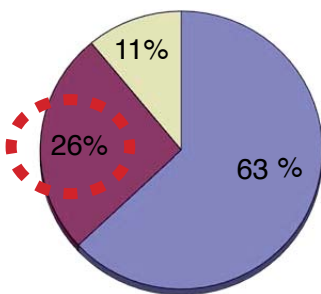
• Average share of rented equipment on total used is 25%

• Major differences are in the large companies segment

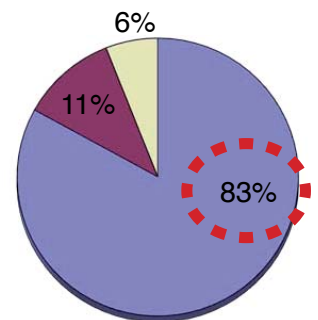
• The smallest differences are in the mid/small segment or civil engineering segment

## 5. Average duration of rental period by construction companies

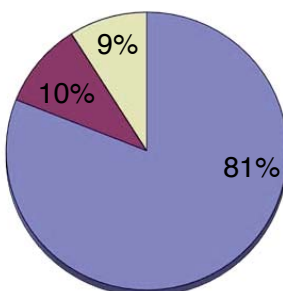
Large construction companies



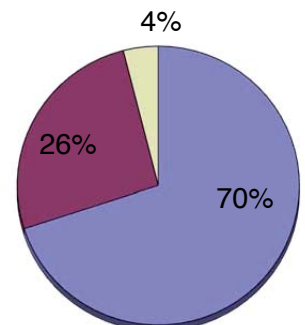
Mid/small construction companies



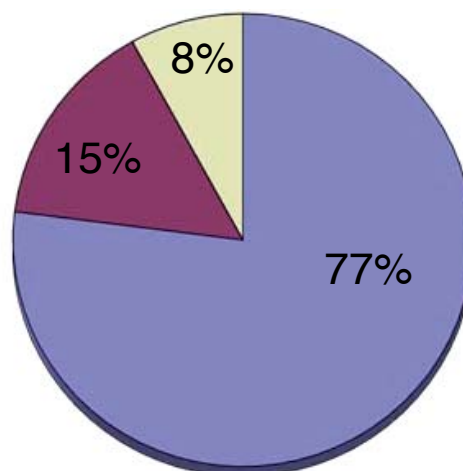
Building construction companies



Civil engineering companies

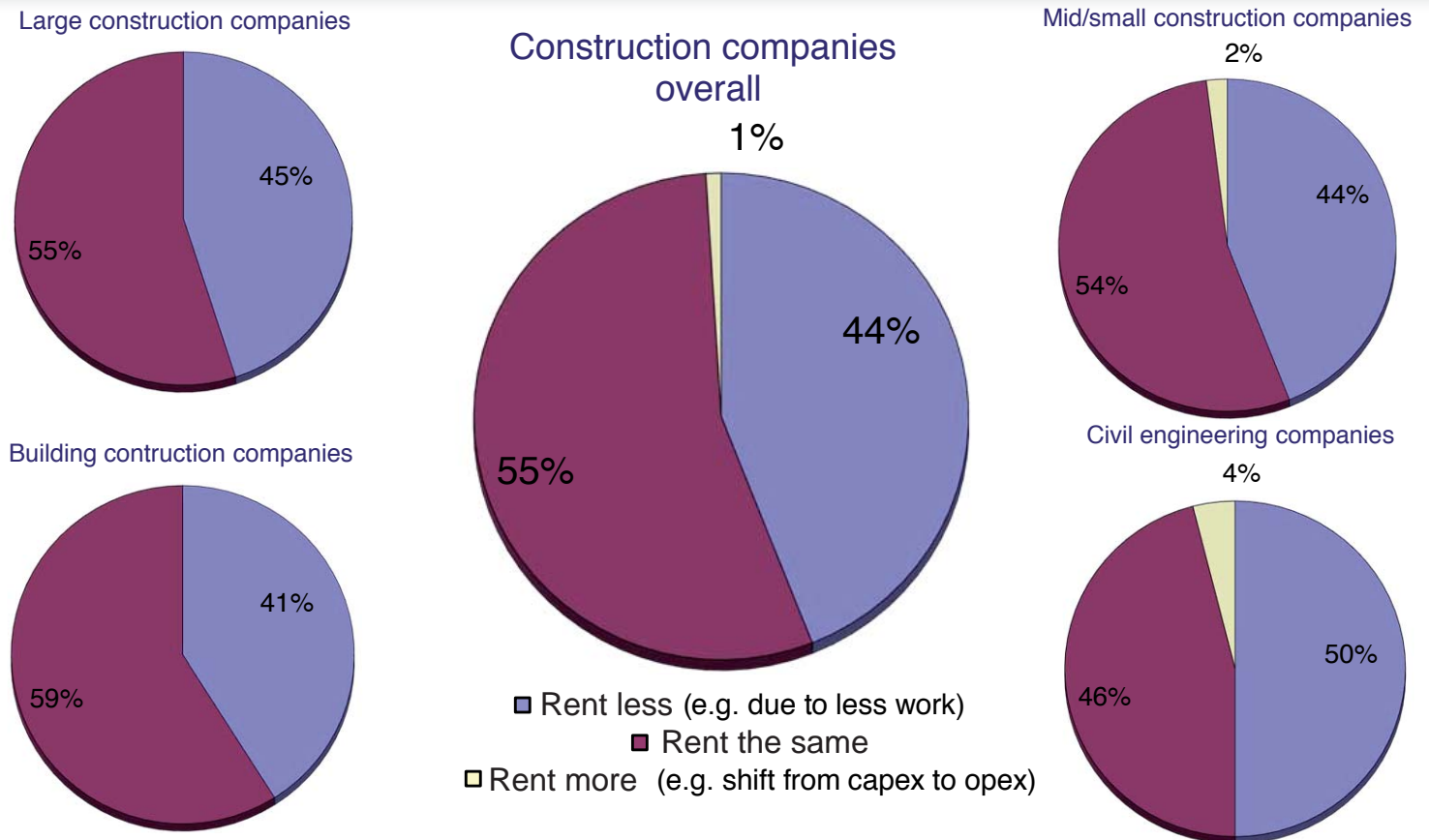


Construction companies overall



■ One or couple of days ■ One month  
 ■ <1 month < 6 months ■ > 6 months

## 6. Impact of the economic crisis on construction companies rental behavior



## Summary

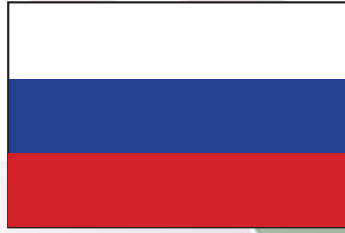
- Construction industry is under pressure in the analyzed V4 countries, major priority for construction companies is to increase their operational efficiency which could bring **new business potential for rental companies** especially in the mid term.
- **Majority of interviewed construction companies confirmed that they rent** some of the machinery/tools they use.
- **Key reason for rentals is higher flexibility** (across all the analyzed segments).
- **Most often mentioned method for rental company selection** by mid/small construction companies are personal contacts, large companies combine more personal contacts and tenders.
- **Key searching criteria** during the selection are: **Swift machine/tool delivery** and **positive experience with rental provider** (mentioned by all respondents, 100%) followed by price (96% of respondents).
- **Construction companies currently rent mostly for short term periods.** Almost all mid/small companies and building companies (83% resp. 81%) for one or couple of days, visible share of large or civil engineering companies also for one month (26% in each segment).
- **The world economic crisis has had an impact on the rental behavior** of Czech construction companies, 44% companies rent less due to lower volume of their construction works, only 1% rents more.

# Behavior of construction companies in other three Visegrad Group countries

Poland



Slovakia



Hungary



## Available on demand

Including all data source/full database files for a more detailed analysis

Thank you for your attention

... for more do not hesitate to contact us.

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