

Attachment 1

Household Goods Industry Competitive Analysis

Overview:

As directed in Order 06/04 from Dockets TV-210535 and TV-210812 (*Consolidated*).¹ Commission staff (Staff) conducted a market analysis of the Household Goods industry to determine its competitiveness. This attachment details the methodology and results of the competitive analysis.

Staff determined that a measurement of the Herfindahl-Hirschman Index (HHI)² using the 2022 Intrastate Revenue, as reported in the Annual Reports, would be sufficient in determining the competitiveness of the HHG moving industry. There are three main reasons for this: 1) time restraints, 2) availability of data, and 3) the general acceptance of the HHI as a measure of market concentration.

Staff used Washington State as the size of the geographic market due to the nature in which HHG moving companies are approved to operate. WAC 480-15-190³ makes it clear that the typical Household goods permit authorizes statewide operations. Indeed, currently all the companies that are permitted are approved to operate Statewide.

Competitive Analysis:

The Herfindahl-Hirschman Index is a measurement of market concentration that is calculated by summing the squares of each individual companies' market share. By squaring each companies' market share the HHI gives proportionately greater weight to larger market shares.

The HHI of the regulated HHG industry during the 2022 calendar year came to 144. According to the Horizontal Merger Guidelines,⁴ an HHI below 1500 is classified as an "Unconcentrated Market," anything between 1500-2500 is "Moderately Concentrated," and anything above 2500 is considered "Highly Concentrated." Figure 1 (below) depicts the market share of each individual company.

The data staff used contained the intrastate revenue of 264 HHG Movers for the 2022 calendar year. The market share of each company ranged between 0 – 5.68 percent. The average intrastate revenue was \$449,971.04, while the median was 157,609.68. This right skewed distribution is to be expected because the lowest amount of revenue that a company can report is zero. Nevertheless, 30 percent of the companies still reported intrastate revenue above the average for the year.

¹ Order 06/04, Dockets TV-210535 and TV-210812 (*Consolidated*), Paragraph 24.

² Details of the Herfindahl-Hirschman Index (HHI) can be found

³ [WAC 480-15-190](#)

⁴ [Antitrust Division | Horizontal Merger Guidelines \(08/19/2010\) \(justice.gov\)](#) section 5.3

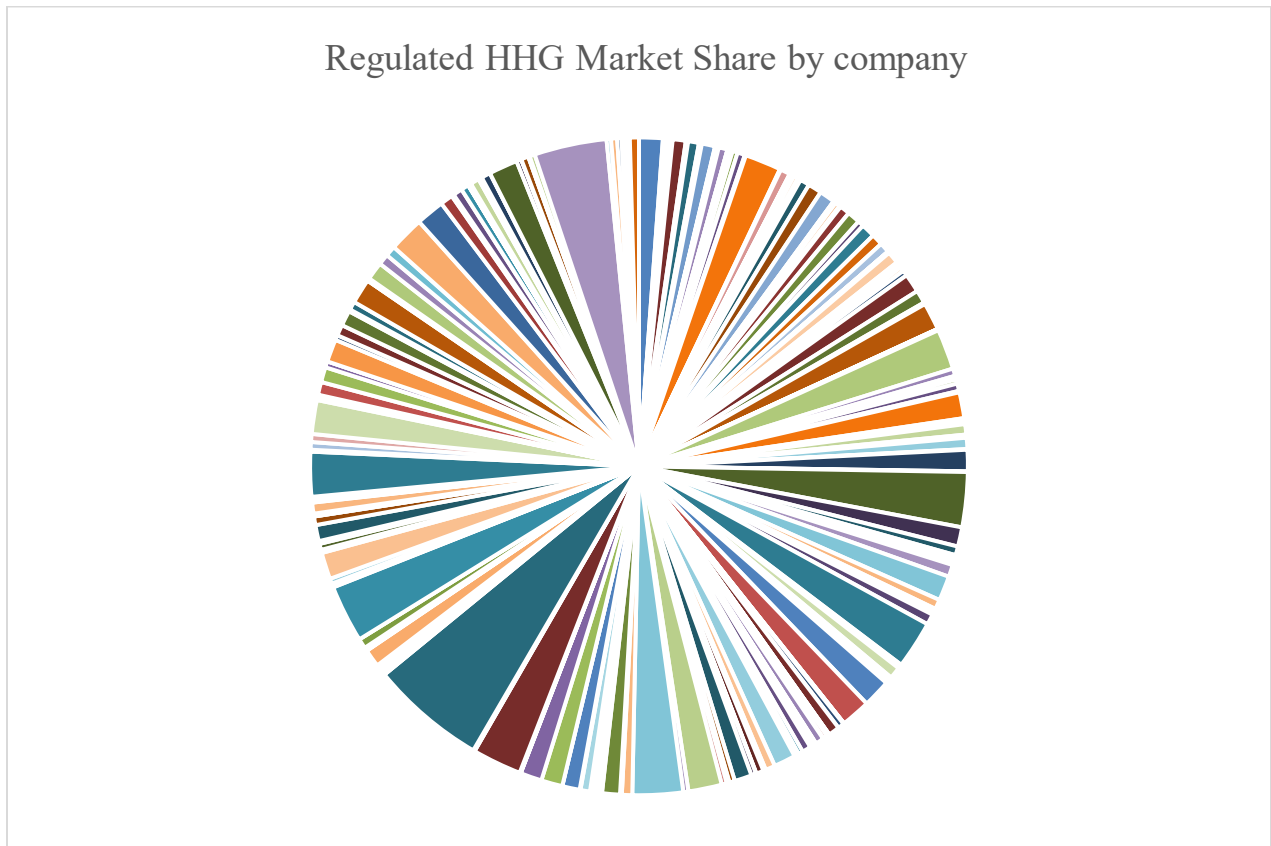


Figure 1: The largest portion of the pie chart (teal/bottom left) represents a little less than 6 percent.

Additionally, the market faces competition from comparable alternative services such as PODS Moving and Storage, and U-Haul rentals. Staff does not have data on the alternative services and thus did not include them in the HHI calculation. However, Staff believes that inclusion of such data is unnecessary as adding comparable alternative services would typically lower the overall HHI and the regulated HHG industry is already well below the “Unconcentrated Market” threshold of 1500.

Conclusion:

An HHI of 144 indicates a very low level of market concentration. This implies that no single company has enough market power to have adverse effects on the price of an intrastate household goods move. Additionally, this low HHI measurement does not include alternative forms of comparable services, which Staff believes would only decrease the HHI, implying an even lower level of market concentration.

Along with an extremely low HHI, the 2022 annual reports showed that the largest company had only 6 percent of the market share and that nearly a third of the approximate 270 HHG

companies are reporting intrastate revenues near or above the average. Staff believes these indicators strongly suggest that the market should indeed be considered competitive.