



Lex Report on Motoring

February
1989

Lex Service PLC and MORI



Lex Report on Motoring

February 1989

©Lex Service PLC
Lex House
17 Connaught Place
London W2 2EL
Tel: 01-723 1212

CONTENTS

FOREWORD - TREVOR CHINN, LEX SERVICE PLC

SURVEY OF BRITAIN'S CAR DRIVERS - MORI

CARS, CUSTOMERS AND THE MOTOR INDUSTRY - DANIEL T JONES

THE BRITISH CAR MARKET IN A EUROPEAN CONTEXT - LEX SERVICE PLC

FOREWORD

LEX REPORT ON MOTORING

FOREWORD

Two out of three households in Britain have the use of a car, nine out of ten journeys are made by car and 12% of the family budget is spent on running a car.

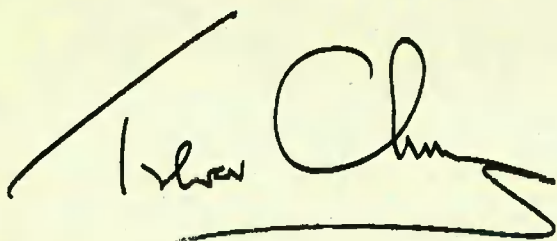
These statistics show clearly how the British public has become dependent on the car, and the personal convenience and comfort it provides. To find out more about the behaviour, attitudes and life style of Britain's motorists, we have commissioned MORI to carry out, what we believe, is the most comprehensive, publicly available, survey on this subject.

Lex Service has sponsored this research for two main reasons: firstly, we believe that the demand for cars is going to increase. More and more households are becoming reliant on the car for every day transport and increased prosperity has enabled more consumers to own a car. Government, car manufacturers and retailers must be ready to cope with the needs of these extra car users.

Secondly, we recognise that the process of buying and owning a car is also changing. As the leading retailer of cars in the UK, Lex Service has a responsibility to lead that process of change. No longer can those of us who are selling cars call ourselves motor dealers or motor traders. We are now retailers and we must make sure that the experiences of a customer buying a car match the best in modern retailing. This research is helping us to understand the needs of the consumer and ensure that we offer the highest level of service possible.

We have also commissioned a special article on the retailing of cars by Daniel Jones of the University of Sussex, who is the European Research Director of the International Motor Vehicle programme, a four year, 15 country study of the world motor industry. Having studied the manufacture of cars, the researchers have now turned their attention to the distribution of cars to the end customer. To complete the report, we have included a reference section of data on the UK car market in a European context.

Our goal in Lex Service is to offer our customers an outstanding level of service which they, the customers, will describe as excellent. This report will help our car retail businesses to achieve that goal. I hope you find it interesting and useful.

A handwritten signature in black ink, appearing to read 'Trevor Chinn', with a long horizontal line extending from the end of the signature.

Trevor Chinn, Chairman and Chief Executive, Lex Service PLC

MORI

SURVEY OF BRITAIN'S CAR DRIVERS - MORI

© MORI
32 Old Queen Street
London
SW1H 9HP

Tel: 01-222 0232
Fax: 01-222 1653

TABLE OF CONTENTS

	<u>Page Number</u>
<u>INTRODUCTION</u>	1
<u>BRITAIN'S DRIVERS</u>	
Who are Britain's Drivers?	3
Drivers - Trends	5
<u>BRITAIN'S CARS</u>	7
<u>DRIVING BEHAVIOUR</u>	
Miles Driven per Year	9
Use of the Car	12
Coping with Problems	14
<u>ATTITUDES TO THE CAR AND DRIVING</u>	
Dependence on the Car	16
Who Make the Best Drivers	18
Garages and the Needs of Female Motorists	18
<u>STANDARDS AND SAFETY</u>	
Driving Standards	20
Unsafe Driving	20
Additional Safety Features	22
<u>THE ENVIRONMENT</u>	
Threats to the Environment	24
Use of Lead Free Petrol	26
Reasons for Choosing Lead Free Petrol	26

TABLE OF CONTENTS (Cont'd)

	<u>Page Number</u>
<u>THEFT</u>	
Car Theft	28
Car Radio/Stereo Theft	28
Precautions Against Crime	30
 <u>TRAFFIC WARDENS</u>	
Traffic Wardens and Wheel Clamping	32
 <u>BRITAIN'S ROAD SYSTEM</u>	34
 <u>COMPANY CAR TAX</u>	36
 <u>THE FUTURE</u>	
Multiple Car Ownership Expectations	38
Expectations for the Year 2001	40
Channel Tunnel	40
 <u>BUYING A CAR</u>	
New vs Second Hand	42
Replacement vs Additional Car	42
Reasons for Buying a Car	44
Buying Priorities	44
Choosing a Car - Forming an Opinion	46
Who is Consulted?	46
Who Makes the Choices?	48
Private vs Company Cars	48
The Company Car - Who Chooses?	48
Source of Purchases	50
Factors in Deciding Where to Buy	52

TABLE OF CONTENTS (Cont'd)

	<u>Page Number</u>
<u>BUYING A CAR (Cont'd)</u>	
Attractions of an Outlet	52
Personal Service	55
Number of Dealers Visited	57
Test Drives	57
Car Purchase Finance	57
Best Time to View a Car	59
<u>SERVICING</u>	
Importance of Servicing	61
Distance Prepared to Travel	61
Who Services the Car	63
Rating of Dealer/Garage	65
Specialist Fitters vs Dealers	67

INTRODUCTION

INTRODUCTION

This report presents the findings of a survey conducted for Lex Service among Britain's car drivers (defined as those driving at least once a month) as part of the 1989 Lex Report on motoring.

MORI interviewed a representative quota sample of 1576 drivers in 175 constituency sampling points throughout Great Britain. All interviews were conducted face-to-face between the 28th November and the 12th December 1988.

The purpose of the research was to provide a detailed insight into Britain's drivers - who they are, how they behave and their attitudes and lifestyle. It is intended that this should be a regular survey so that we can understand how Britain's drivers are changing over the years.

Statistical Reliability

Because we only interviewed a representative sample of British drivers, we cannot be certain that the figures obtained are precisely those that would have been found had we interviewed every individual driver aged 17 and over. However, we can be confident that the figures are correct to within certain tolerances. These tolerances depend on the sample size and also on the order of magnitude of the research findings being considered. The following table shows certain sample sizes and gives the margins within which we can be 95% certain that the true figures will be:

<u>Sample size</u>	<u>Research Findings</u>				
	<u>10% or 90%</u>	<u>20% or 80%</u>	<u>30% or 70%</u>	<u>40% or 60%</u>	<u>50%</u>
1500	± 2	± 2	± 2	± 2	± 3
1000	± 2	± 2	± 3	± 3	± 3
500	± 3	± 4	± 4	± 4	± 4
200	± 4	± 6	± 6	± 7	± 7
50	± 8	± 11	± 13	± 14	± 14

Furthermore, there is a greater likelihood that the true figures are near the centre of these ranges - ie close to the findings from the research.

For similar reasons, when comparing findings between two areas of the country, or between two sub-groups (eg men vs women), we may not be certain that differences are genuine unless they are of a certain minimum size. We can be 95% sure that differences larger than those in the following table are genuine:

Size of sample being compared	<u>Magnitude of Figures being Compared</u>				
	<u>10% or 90%</u>	<u>20% or 80%</u>	<u>30% or 70%</u>	<u>40% or 60%</u>	<u>50%</u>
400-400	4	6	6	7	7
400-200	5	7	8	8	9
200-200	6	8	9	10	10
200-100	7	10	11	12	12
100-100	8	11	13	14	14

Strictly, these margins relate to "random samples" where each member of the population has the same chance of selection. In practice, the accuracy of good quota samples has been found to be at least as good as random samples of the size.

Definitions

Where we refer to "main dealer" in the report this refers to franchise dealers for specific makes of cars. Where we refer to "garage" we mean establishments repairing cars or selling cars without a manufacturer's franchise.

Copying of Data

Extracts may be copied from this report so long as the source of the data is clearly acknowledged.

BRITAIN'S DRIVERS

BRITAIN'S DRIVERS

Who are Britain's Drivers?

Three out of five of Britain's regular drivers are male, two out of five are aged 35-54 and just over half are middle class (ABC1). This makes Britain's drivers more male, middle aged and middle class than the population as a whole.

Two out of five (39%) are also married with children under 16 in the household compared with only one in four (27%) of the general public.

Five per cent are young, single males (aged 17-24) while only 2% are young single females. Eleven per cent are empty nesters - married, aged 45-64 with no children in the household - while 3% are married with high incomes, relatively young (22-44) and with no children (likely to be "dinkies").

Who Are Britain's Drivers?

Base:	General Public (2000) %	Drivers (1576) %
<u>All</u>	100	100
<u>Sex</u>		
Men	48	58
Women	52	42
<u>Age</u>		
17-24	16	11
25-34	18	26
35-54	31	38
55-64	15	14
65+	20	11
<u>Class</u>		
AB	18	24
C1	23	28
C2	28	31
DE	31	17
<u>Lifestyle</u>		
Young single males (17-24)	5	5
Young single females (17-24)	4	2
Married, no children in household	40	37
Married, children under 16 in household	27	39
Empty nesters (45-64)	13	11
Married, high income (17,500+), no children	2	3
Housewife with children	7	8
Married, 3+ adults, no children under 16	13	10

Source: Lex Report on Motoring/MORI

Drivers - Trends

MORI surveys over the last 20 years have shown the proportion of driving licence holders rising by more than ten percentage points per decade from 41% of the adult population in 1969 to 64% in 1988. In 1969 63% of men held driving licences and only 25% of women. Now these percentages have risen to 78% and 46% respectively.

As in 1969 the 25-44 year olds lead the way in terms of the proportion of the population holding driving licences although the incidence of driving licences among this group has substantially increased, along with all other age groups, and now stands at 77%.

Of all the age groups, there has been a particularly marked rise in the incidence of driving licences over the last decade among 17-24 year olds. This now stands at 68% compared with 51% in 1979.

Car ownership has particularly spread down through the classes. In 1969 70% of ABs (upper managerial and professional classes) had a driving licence but only 25% of DEs (semi- and unskilled working classes). Now these proportions have risen to 81% and 38% respectively with two-thirds of C2s (skilled working class) now also holding a driving licence, compared with 39% in 1969.

The profile of driving licence holders has become more female over the last 20 years (40% compared with 27% in 1969) although due to the changing demographic profile of Britain (this has become older and more middle class) the age and class profiles have not changed substantially since 1969.

Drivers - Trends
Percentage with Driving Licences - 1969-1988

Base: All		1969 (1913) %	1979 (4044) %	1988 (3856) %
Total		41	53	64
<u>Sex</u>	Men	63	70	78
	Women	25	33	46
<u>Age</u>	17-24	52	51	68
	25-34	57	66	78
	35-44	48	67	75
	45-54	42	60	70
	55-64	32	45	59
	65+	20	26	37
<u>Class</u>	AB	70	75	81
	C1	48	62	70
	C2	39	52	65
	DE	25	29	38

Profile of Licence Holders

Base: All		Profile (791) %	Profile (2153) %	Profile (2455) %
Total		100	100	100
<u>Sex</u>	Men	73	66	60
	Women	27	34	40
<u>Age</u>	17-24	20	14	18
	25-34	24	27	23
	35-44	18	20	18
	45-54	18	19	16
	55-64	13	12	14
	65+	7	10	11
<u>Class</u>	AB	25	22	23
	C1	23	26	26
	C2	35	34	32
	DE	17	18	19

BRITAIN'S CARS

A third of the cars on Britain's roads are bought new and two-thirds second hand. A third of cars are aged up to 3 years and 41% are more than six years old. Nearly half (46%) are now hatchbacks and just over half (53%) of those cars bought new are hatchbacks, showing the impact of the hatchback on the car market over the last few years.

One half of Britain's cars have engine sizes up to 1400cc, 41% between 1401cc and 2000cc, and 9% over 2000cc, and this is consistent between new and second hand cars.

A third of Britain's cars are aged up to three years with a mean age of 5.2 years. Cars bought new by their current owners are, on average, 2.6 years old, while those bought second hand are an average 6.5 years old.

Based on how long people have owned their cars we can estimate from the research that on average Briton's own their cars for 4.3 years before getting rid of them, rising to 6 years for private owners who buy new cars, down to 2.8 years for company car owners who acquire new cars. Those who buy their cars second hand keep them on average for 4 years. Forty per cent of all cars are owned for no more than 3 years and this rises to 54% of cars bought second hand.

Britain's Cars

Base:	<u>Cars</u> (2305) %	<u>New</u> (732) %	<u>Second-hand</u> (1527) %
Bought new	33	100	0
Bought second-hand	67	0	100
<u>Type</u>			
Hatch-back	46	53	42
Saloon	42	36	45
Estate	7	6	8
Sports/convertible	2	2	2
Other	3	3	3
<u>Engine size</u>			
Up to 1400 cc	50	50	50
1401-2000 cc	41	41	41
Over 2000 cc	9	9	9
<u>Age of car</u>			
0-3 years	31	71	13
Over 3-6 years	28	18	32
Over 6 years	41	11	55
<u>Mean age</u>	5.2 years	2.6 years	6.5 years
<u>Estimated time cars are owned for</u>			
Up to 3 years	40	46	54
Over 3-6 years	50	27	24
Over 6 years	10	27	22
Mean (years)	4.3 years	4.9 years	4.0 years
company		2.8 years	
private		6 years	

Base: All cars (2305)

Source: Lex Report on Motoring/MORI

DRIVING BEHAVIOUR

Miles Driven Per Year

The average car in Britain today is driven 10,200 miles a year according to the estimates made by Britain's drivers. Men estimate that the cars they drive most often are driven an average of 11,600 miles per year whilst women put their estimate at around 8,100 miles.

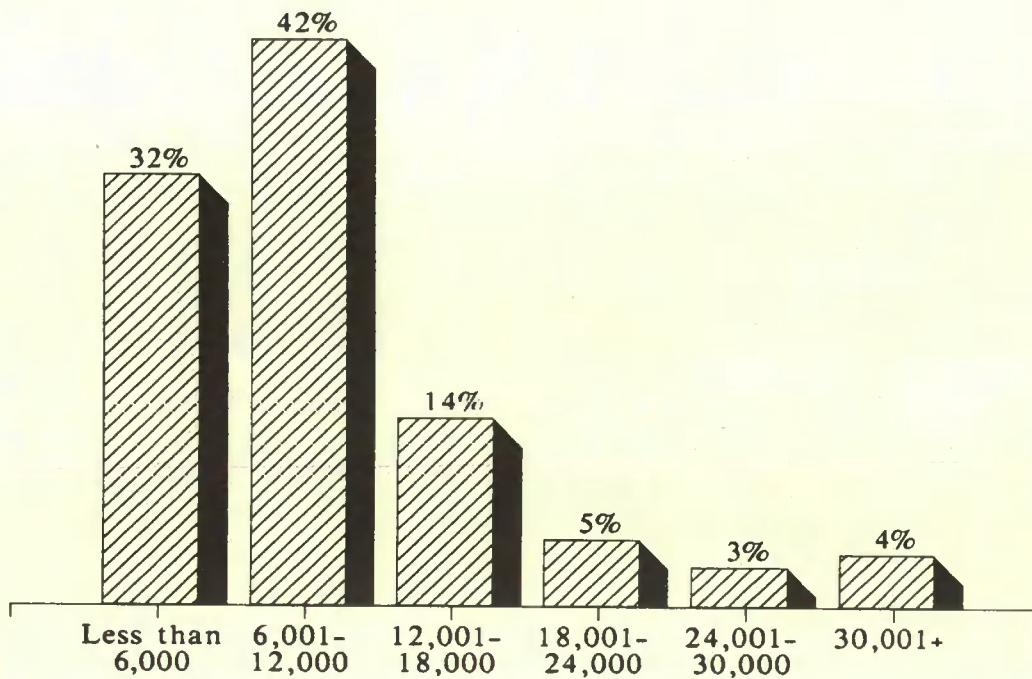
Younger respondents claim that the cars they drive cover more miles than older respondents with estimates ranging from 11,900 miles for 17-24 year olds down to 5,900 miles for those aged 65 and over. Young single males reckon the cars they drive average 12,800 miles per year but this is rather less than the cars driven by those who are married with high incomes and no kids - likely to be the "dinkies". They reckon that their cars are likely to cover 13,500 miles per year, on average.

Cars in middle class households cover more miles than those in working class households - 11,100 miles for AB cars down to 8,500 miles for DE cars.

Cars bought new cover more miles than second hand cars - 11,700 compared to 9,600 - but most mileage is clocked up by company cars - 19,500 compared with 9,100 for privately owned cars.

Estimate of Miles Cars are Driven Per Year (1)

Q Approximately how many miles is the car which you drive most often driven a year, on average?



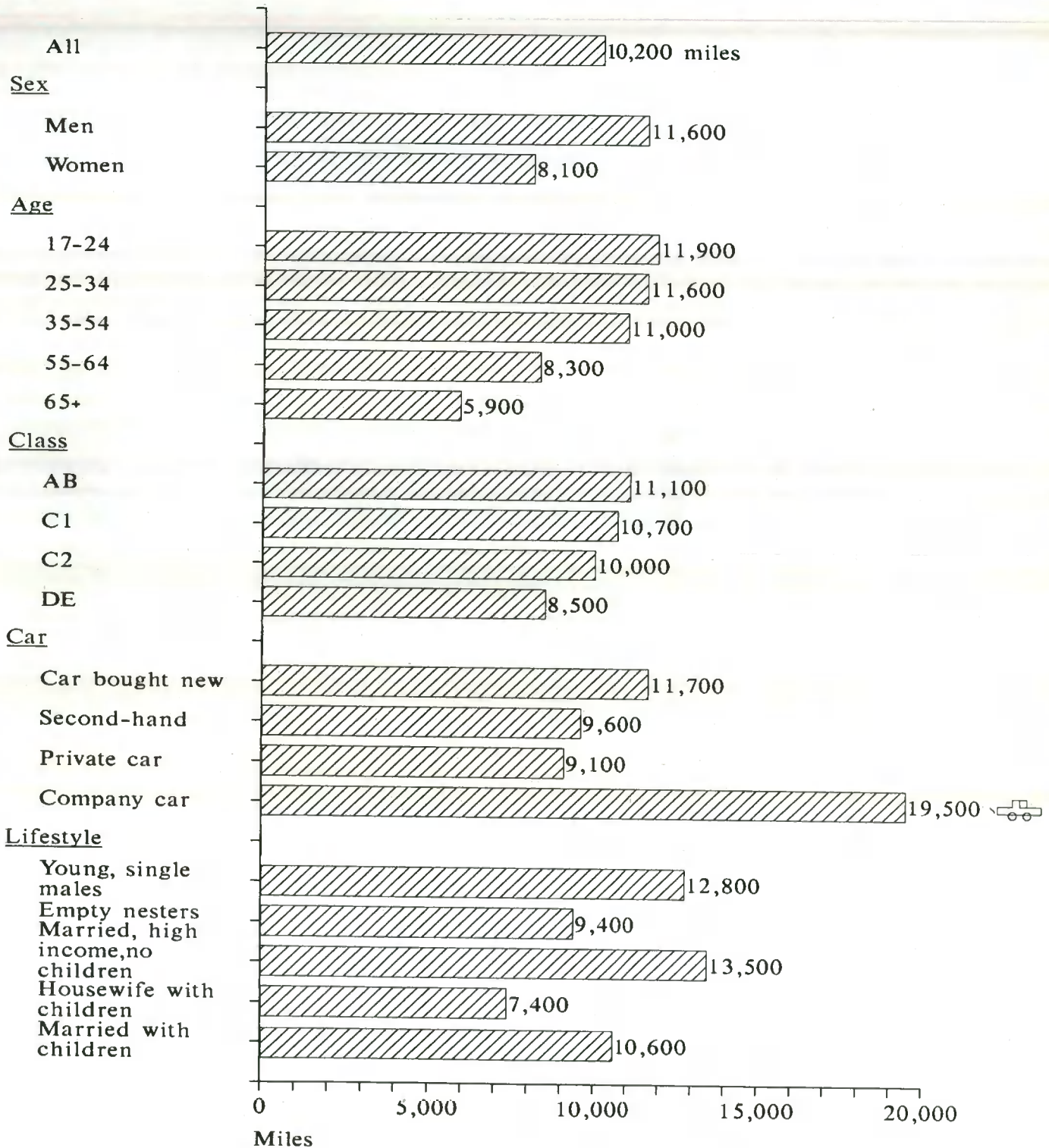
	<u>Average</u>
All	10,200
New car	11,700
Second-hand	9,600

Base: All (1576)

Source: Lex Report on Motoring/MORI

Estimate of the Miles Cars are Driven Per Year (2)

(Based on car driven most often by those in each group)



Base: All (1576)

Source: Lex Report on Motoring/MORI

USE OF THE CAR

Use of the Car

Nearly nine out of ten of Britain's drivers use their cars for grocery shopping and visiting family or friends - 87% and 86% respectively. Three out of four (76%) use them for shopping for consumer goods and three out of five for travelling to and from work rising to two out of three (65%) of men, 75% of 17-24 year olds and 63% of those living in the South-East. Sixty per cent drive to entertainment centres, eg cinemas and theatres, although this ranges from 70% of 17-24 year olds down to 37% of those aged 65+.

Three out of five also use the car for going to DIY and garden centres - an activity most popular with those aged between 35 and 54. Fifty-six per cent drive to sports/leisure centres and facilities, though this use drops away sharply with those aged over 54. Just over half (54%) use the car for holidaying in Britain but only 11% for holidaying abroad. One in three (31%) use their car in connection with their work, though this rises to 36% of men, 41% of those aged 35-54 and 43% of those in the AB social class.

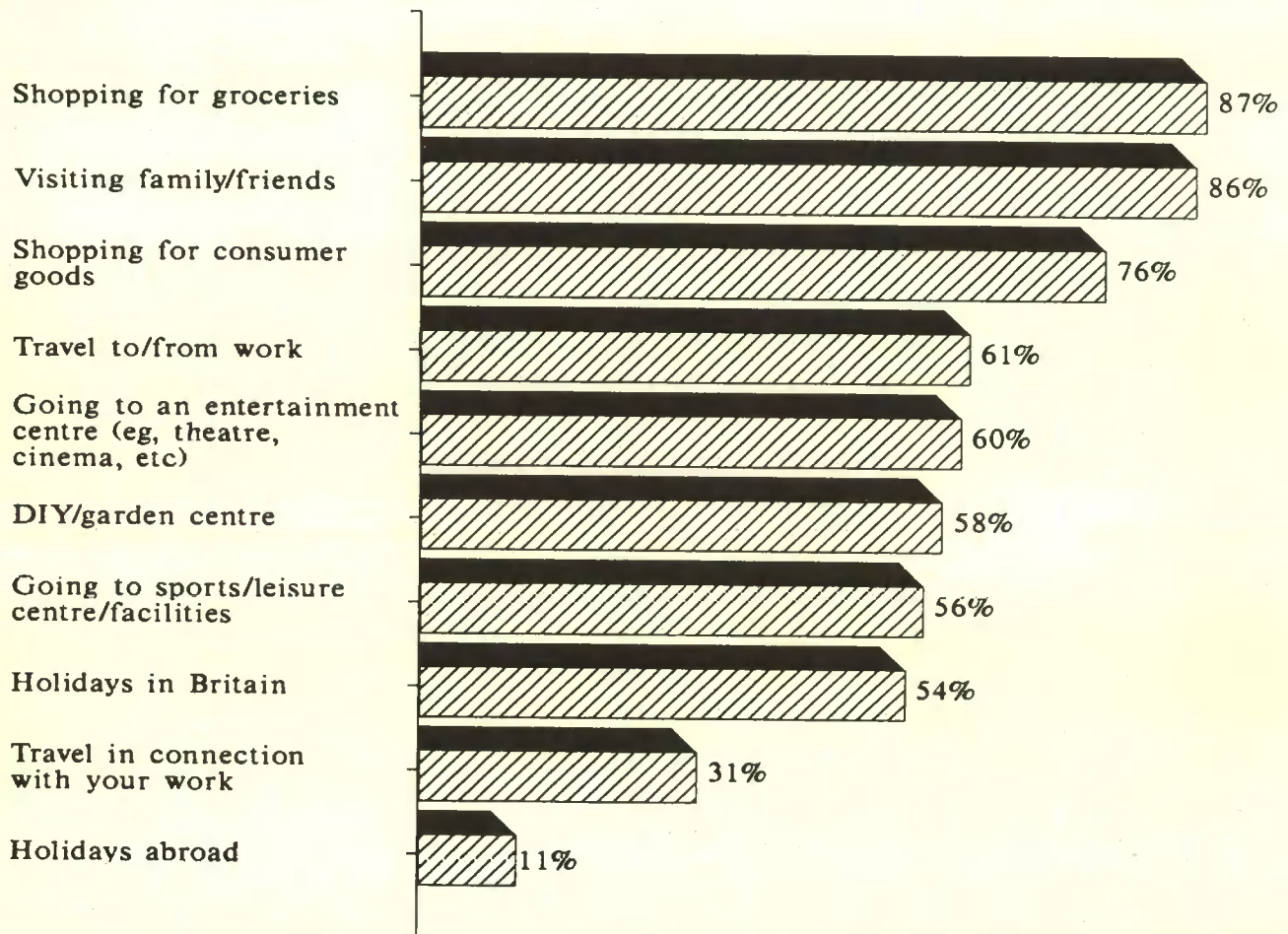
Two out of three drivers (65%) do not use buses or coaches at all nowadays, and this rises to around 70% of men, those aged 25-54, those driving over 26,000 miles per year and those with two or more cars in the household.

Six out of ten (58%) claim not to use trains or underground at all nowadays. This is particularly high for working class respondents (C2DE, 67%) and 'empty nesters' (66%) and particularly low for single women (36%) and people living in London (34%) and Scotland (45%).

Eighty-five per cent of Britain's car drivers (defined as those who drive at least once a month) drive every day or most days of the week. A further 12% claim to drive at least once a week while 3% drive less than once a week to once a month.

Use of Car

Q Which of these, if any, do you use your car for nowadays?



*65% of drivers do not use buses/coaches nowadays
*58% do not use trains/underground nowadays

Base: All (1576)

Source: Lex Report on Motoring/MORI

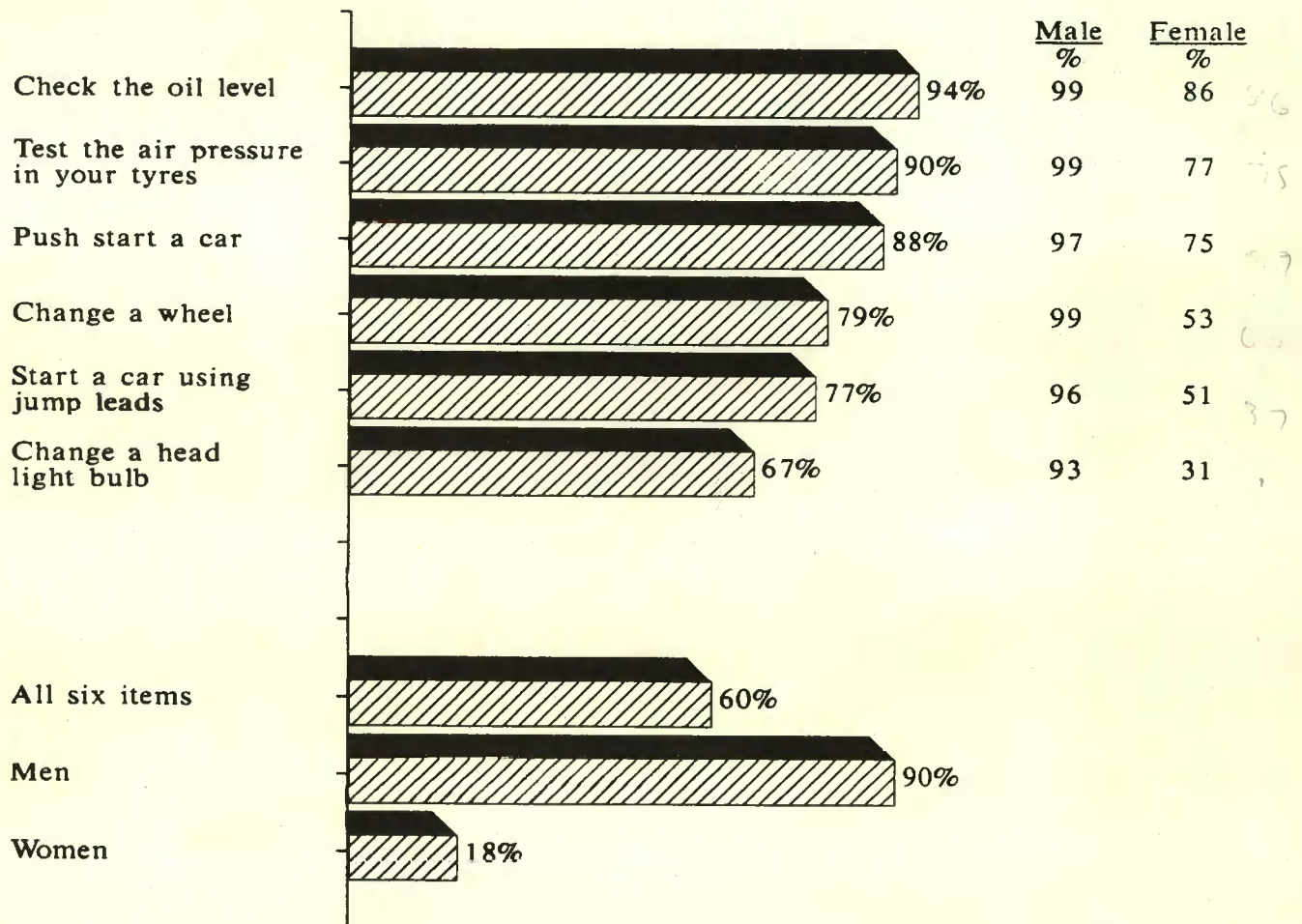
Coping with Problems

Nineteen out of twenty people (94%) say they know how to check the oil level in their cars; nine out of ten say they can test the air pressure in their tyres (90%) and push start a car (88%). Four out of five (79%) can change a wheel and three out of four (77%) can start a car using jump-leads. Two-thirds believe they can change a headlight bulb.

However, men claim a vastly greater competence in these areas than do women. More than nine out of ten men claim to be able to do each of these and 90% to do all six. However, only 18% of women claim to be able to do all six, and only half can change a wheel or start a car using jump leads. A third know how to change a headlight bulb but 86% say they know how to check their car's oil level.

Coping with Problems

Q Please tell me whether or not you know how to do each of the things I read out.



Base: All (1576)

Source: Lex Report on Motoring/MORI

ATTITUDES TO THE CAR AND DRIVING

Dependence on the Car

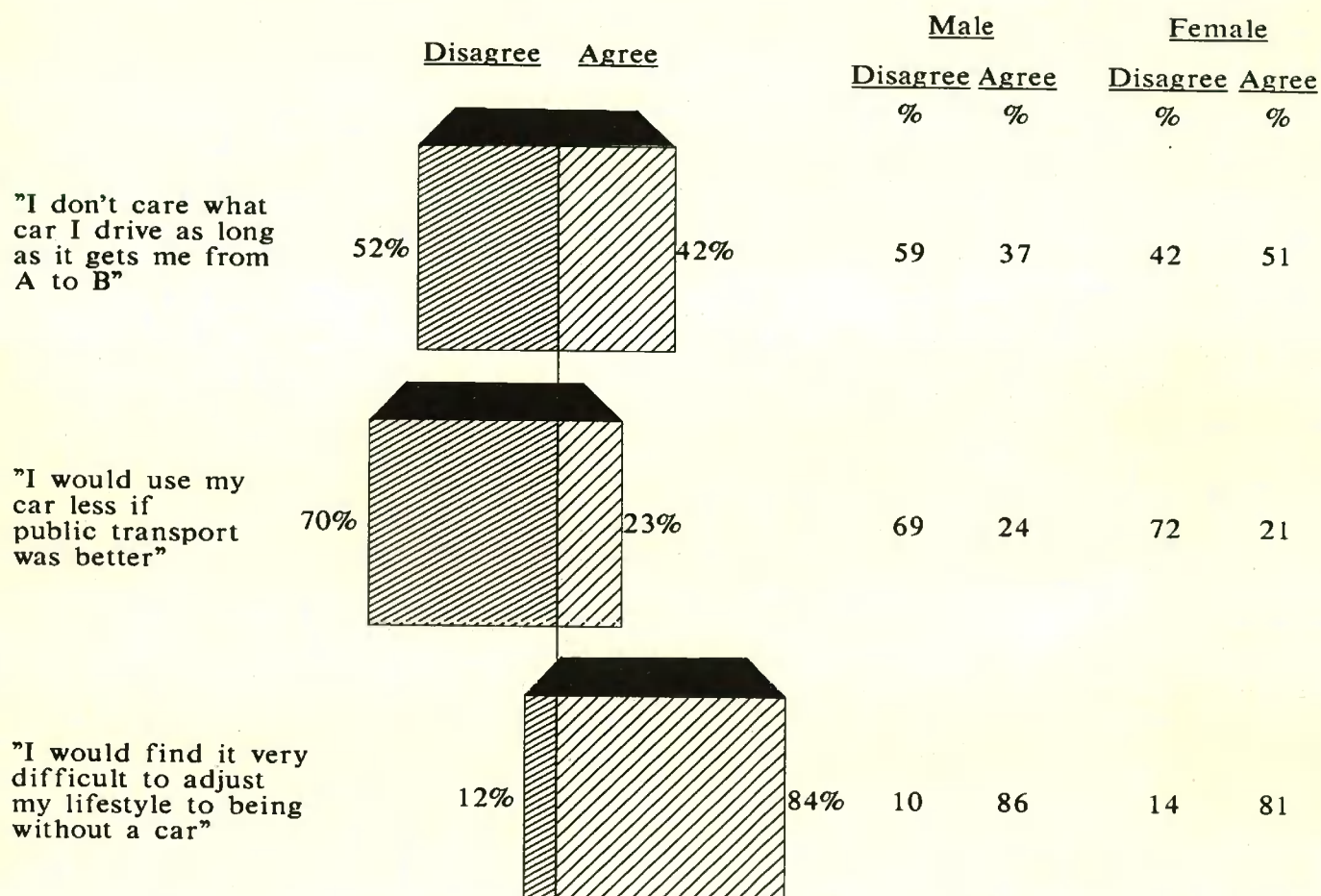
Two out of five (42%) of drivers take the view that "I don't care what car I drive as long as it gets me from A to B". Women, those aged 25 to 54 and working class respondents are the least concerned about the type of car they drive. Men, and those in the AB social class are the most discerning.

Only one in four (23%) feel they would use their car less if public transport was better, although, perhaps surprisingly, men are slightly more likely to agree with this than women (24%-21%). Pensioners - those aged 65+ - are most likely to take this view (28%).

Five out of six drivers (84%) believe they would find it very difficult to adjust their lifestyles to being without a car. This is high among all sub-groups but particularly so for those in the AB social class (87%), those with two or more cars in the household (88%), men (86%) and those aged 35-64 (86%).

Dependence on the Car

Q How strongly do you agree or disagree with each statement?



(Neither/No opinion omitted)

Who Makes the Best Drivers?

A clear difference of opinion exists between men and women on who makes the best drivers, with women, perhaps surprisingly, holding the most decisive opinions. Forty-five per cent of women believe that women generally make the best drivers and only 13% believe that men make the best drivers. By contrast, a third of men (35%) believe that they make the best drivers and only 11% believe that women do.

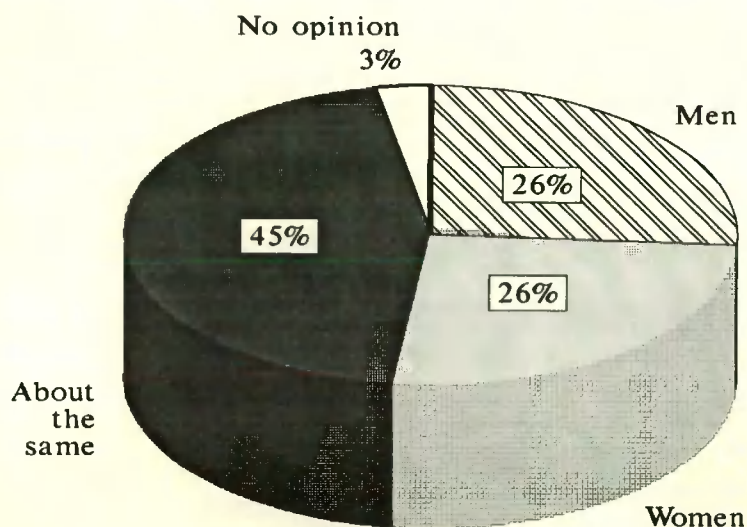
Younger drivers generally (17-24 year olds) are more inclined to the view that men make the best drivers although this reflects a predominance of men in this age group and young, single males being particularly inclined to believe men make the best drivers (43%).

Garages and the Needs of Female Motorists

One in three drivers (33%) believe most garages cater poorly for women and nearly two out of five (38%) of women drivers take this view.

Who Makes the Best Driver?

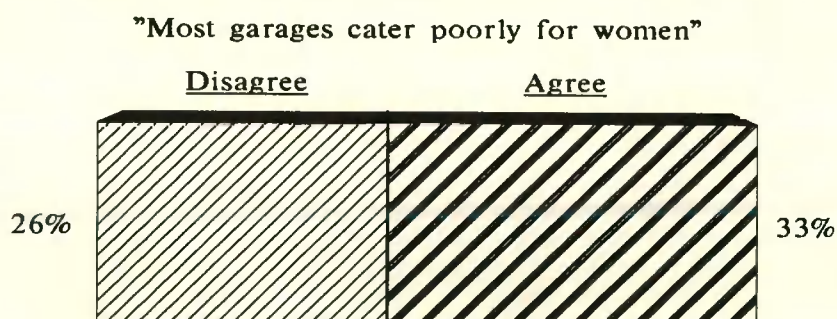
Q On balance, whom would you say make the better drivers, men or women?



	Men %	Women %
"Men"	35	13
"Women"	11	45
Same	49	39
No opinion	5	3

Garages and the Needs of Female Motorists

Q How strongly do you agree or disagree that....?



% Agree	
Men	Women
29	38

(Neither/no opinion omitted)

STANDARDS AND SAFETY

Driving Standards

Two out of five of Britain's drivers (40%) rate the overall standard of driving in Britain today as bad, but virtually none of them - 2% - rate their own standard of driving as bad. Only 24% rate the general standard of driving as good while 75% rate their own standard as good.

Those who drive the most are most critical of the standards of driving in Britain today, half (49%) of those who drive over 26,000 miles per year rate the standard of driving as bad compared with a third (36%) of those who drive less than 6,000 miles per year.

Older drivers (those aged over 65) and those who drive over 26,000 miles per year are the most confident of their own abilities with 85% and 78% respectively rating their own driving standards as good. Young drivers, including young single males, are least inclined to rate their driving standards as good (68%) although they are very unlikely to consider them bad (2%).

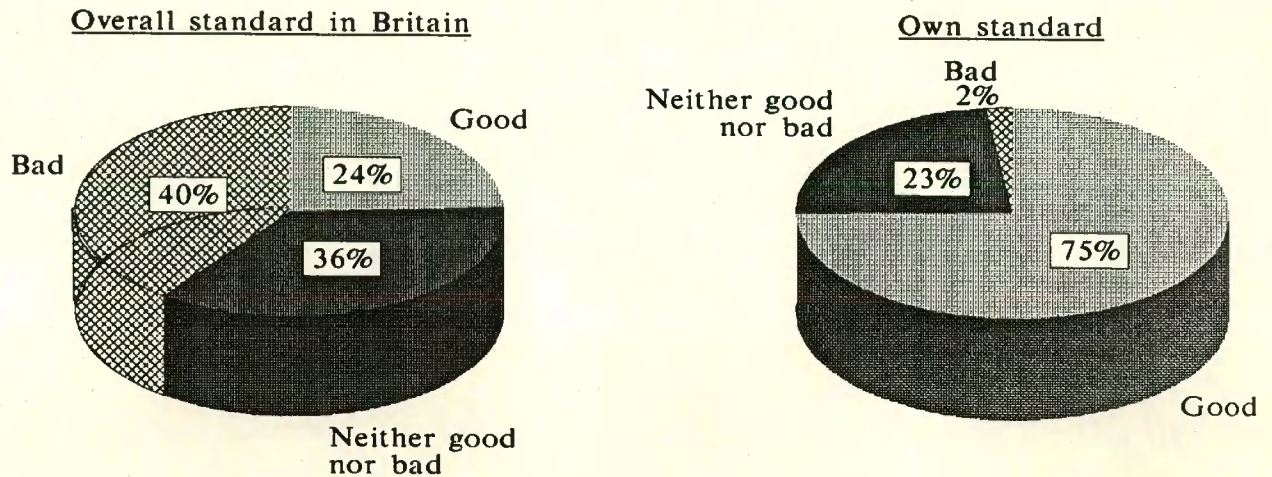
Unsafe Driving

Despite their low propensity to down-rate their own driving, 65% of Britain's drivers admit to having broken the speed limit within the last 6 months and 33% to having driven when they have been very tired. In addition, 6% have driven knowing that their car had a mechanical fault which made it unsafe, and 5% to having driven with more than the legal limit of alcohol in their blood.

Men are markedly worse offenders in all these respects than women. Nearly three out of four (72%) had broken the speed limit, 37% have driven while very tired, 7% have driven a car with a mechanical fault, and 7% with more than the legal limit of alcohol in their blood. The propensity to break the speed limit, drive while tired and drive with a mechanical fault are all markedly higher among young drivers - 17-24 year olds - and each decline markedly with age.

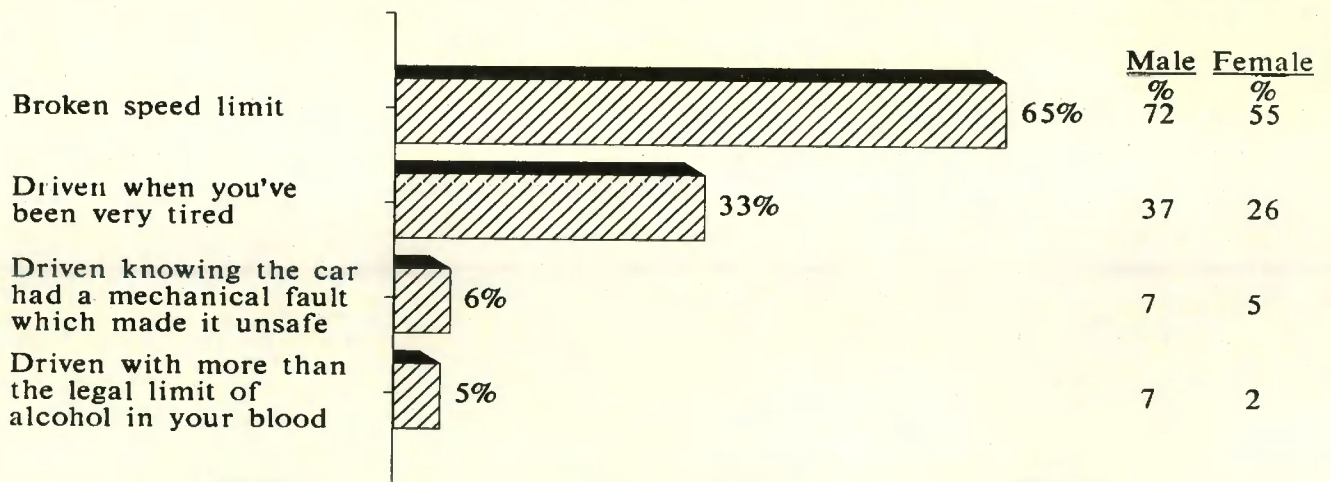
Standard of Driving in Britain

Q Thinking generally, how would you rate the overall standard of driving in Britain today/your own standard?



Unsafe Driving

Q Which, if any, of these have you knowingly done within the last six months?



- * 83% of young (17-24) single males have broken the speed limit
- * Safest drivers are those aged 65+ - 51% have done none of these

Base: All (1576)

Source: Lex Report on Motoring/MORI

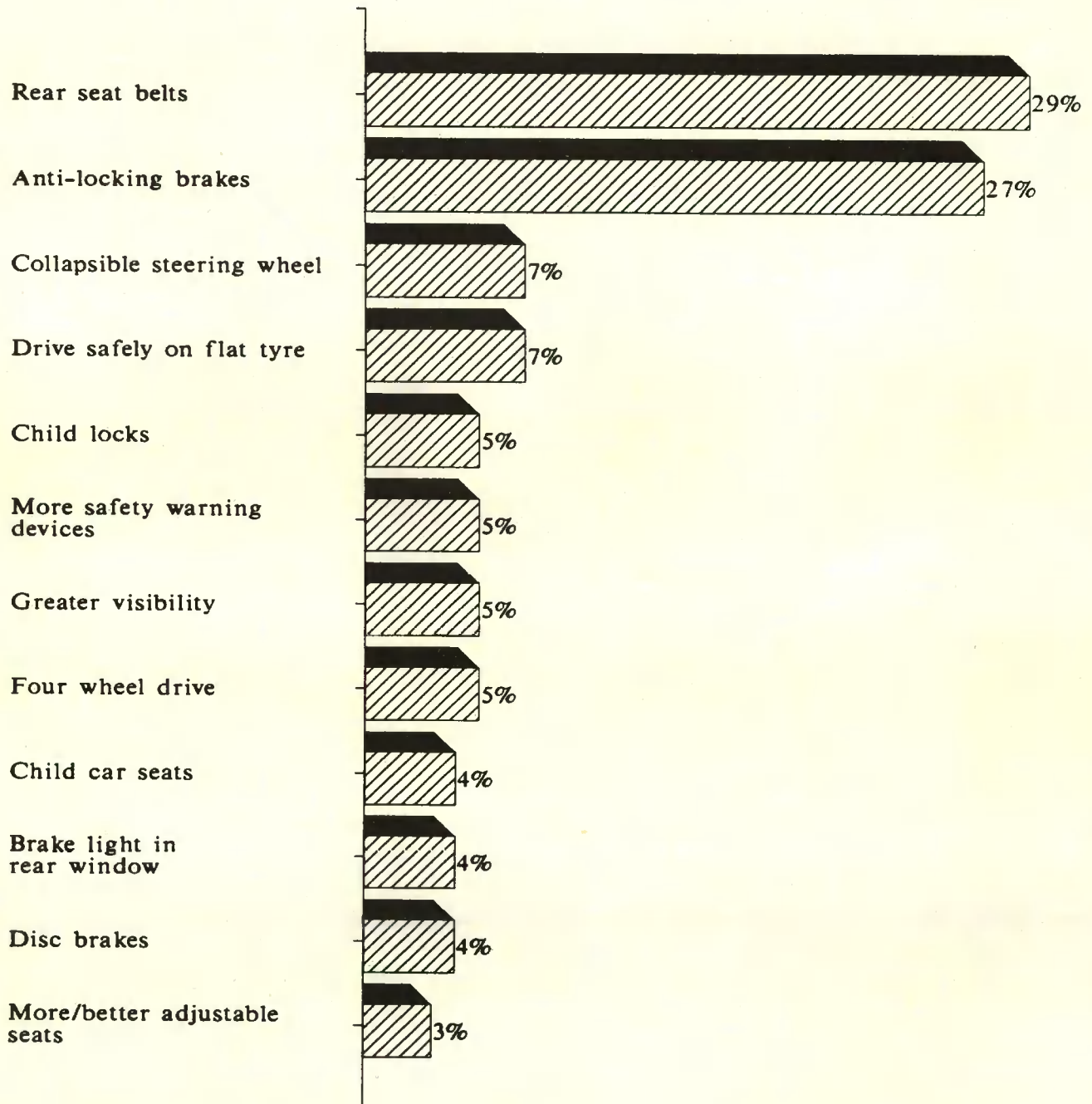
Additional Safety Features

Looking ahead, drivers will be particularly looking for rear seat belts and anti-locking brakes where their current car doesn't have them. Of course, whilst rear seat belts have been compulsory in new cars since last year, the proportion of cars currently with anti-locking brakes is negligible.

Drivers with children in the household were particularly likely to be looking for rear seat belts in their next cars - 38% compared with 29% overall.

Additional Safety Features

Q Are there any particular safety features you do not have in your current car which you would look for next time you buy a car?



Base: All (1576)

Source: Lex Report on Motoring/MORI

THE ENVIRONMENT

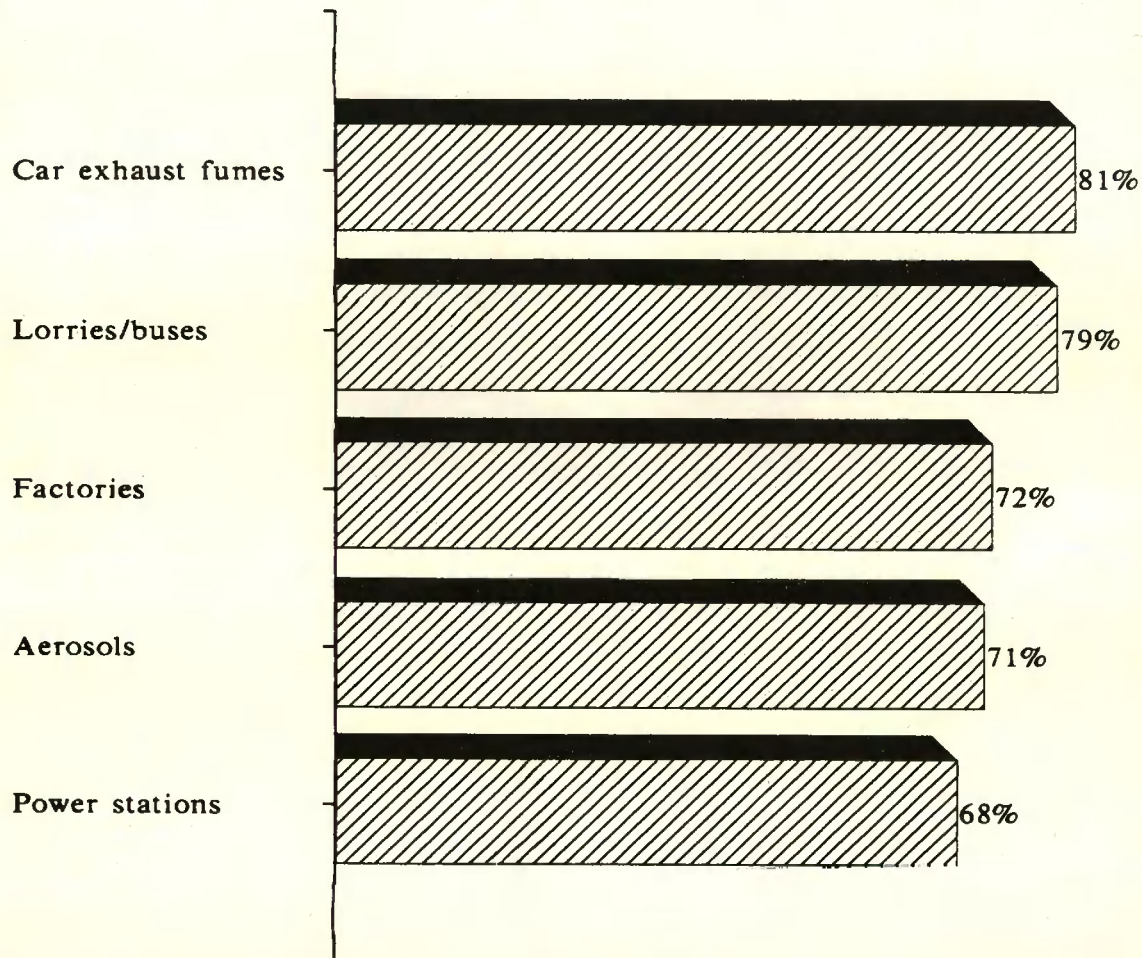
Threats to the Environment

Four out of five of Britain's drivers regard air pollution from exhaust fumes (81%) and air pollution from lorries and buses (79%) as representing a serious threat to the environment. Each was more likely to be considered a serious threat than air pollution from aerosols (71%), air pollution from factories (72%) and air pollution from power stations (68%).

The Environment

Q Which, if any, of these represents a serious threat to the environment?

Air pollution from:



Base: All (1576)

Source: Lex Report on Motoring/MORI

Use of Lead Free Petrol

Five per cent of car drivers claim to run their cars on lead-free petrol but another 9% claim that they don't, even though their cars are capable of doing so. However, two-thirds of drivers (69%) would run their cars on lead free petrol if they could and only 8% cannot and would not, the rest having no opinion. Thus a total of 74% of drivers either do or would run their cars on lead free petrol compared to 17% who don't or would not.

Those who drive the most miles are generally least likely to embrace the idea of lead free petrol 27% being unwilling to use lead free compared with 17% overall.

Forty-three per cent of those whose cars cannot run on lead free petrol don't know if they can be adapted or not.

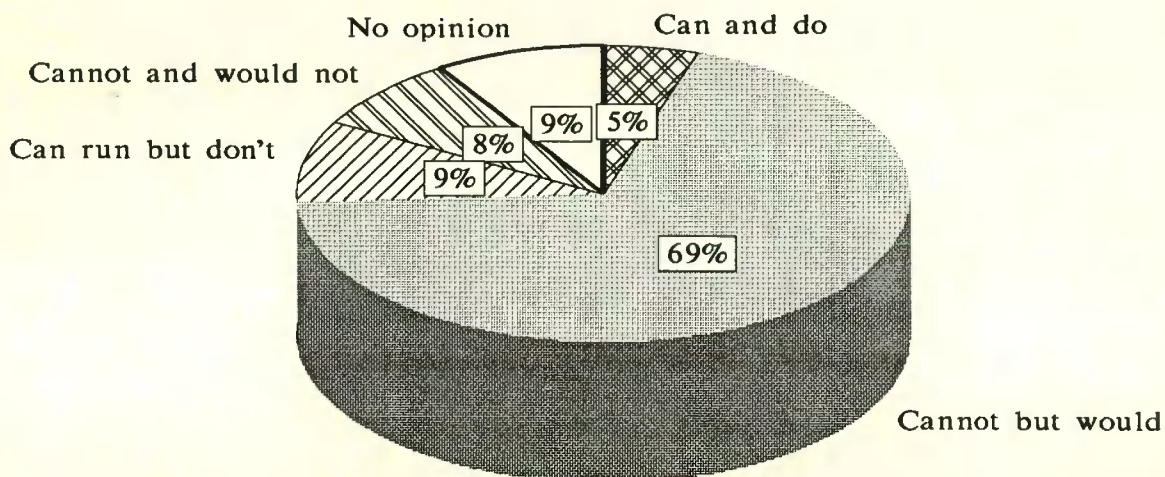
Reasons for Choosing Lead-Free Petrol

Those who either currently use lead-free petrol, or would do so if they could, were asked whether they did or would do so in order to reduce pollution from petrol fumes or to save money. Nearly nine out of ten (87%) said they did so to reduce pollution, although 38% said to save money; thus 28% said both.

Women, middle class drivers were the most environmentally conscious whilst young single males were among the least environmentally conscious - 52% of the latter group would use lead free to save money compared with 73% who would do it to reduce pollution.

Lead-Free Petrol

- Q Can your car run on lead-free petrol, or not?
- Q Do you usually buy it or not?
- Q Can your car be adapted to run on lead-free petrol or not?
- Q If your car could run on lead-free petrol, would you buy lead-free petrol for it or not?

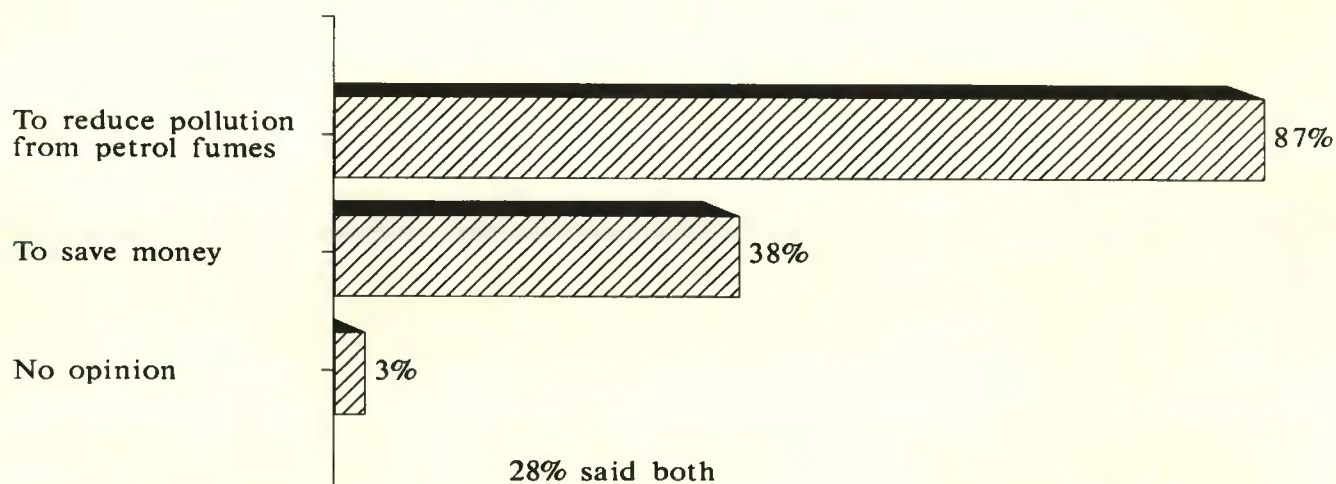


* 43% of those whose cars cannot run on lead-free petrol don't know if they can be adapted.

Base: All (1576)

Reasons For Choosing Lead Free

- Q Did/would you decide to run your car on lead-free petrol mainly...?



Base: All can or would buy lead-free (1115)

Source: Lex Report on Motoring/MORI

THEFT

Car Theft

Some 4% of drivers - around one million - say that they have had their car stolen within the last three years, although this rises to 9% of unmarried drivers, 8% of those with larger cars (over 2000cc) and 7% of company car drivers.

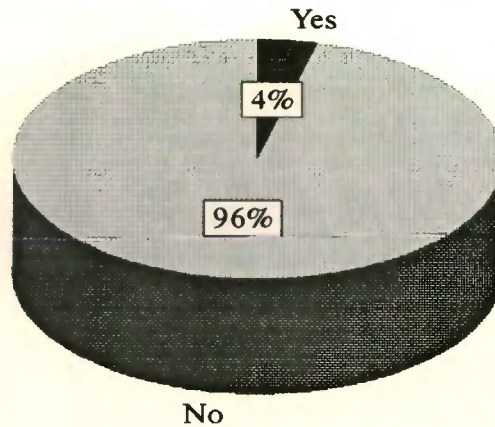
A third of those who have had their cars stolen had them recovered undamaged, and another half had them recovered although damaged. The rest, 16%, did not have them recovered at all.

Car Radio/Stereo Theft

Six per cent of drivers say they have had their car radios or stereos stolen within the last three years. Among 17-24 year olds the figure was as high as 12%.

Car Theft

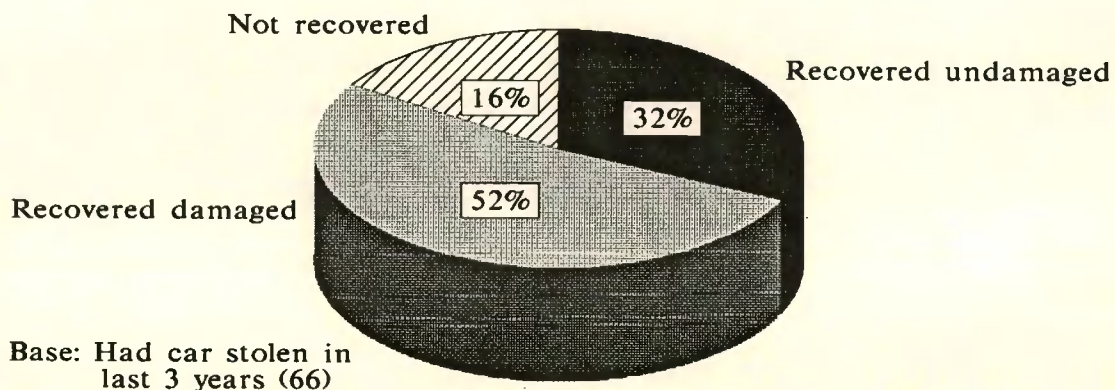
Q Have you had your car stolen within the last three years?



Base: All (1576)

Recovery Condition

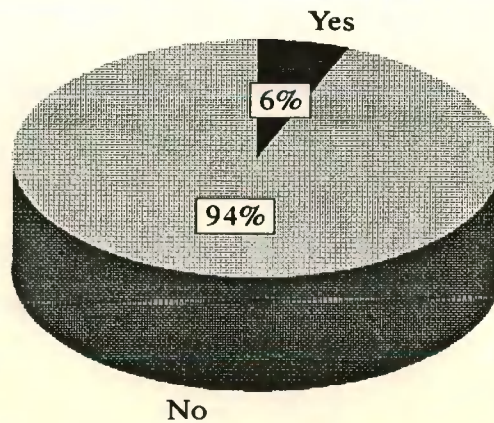
Q And was it recovered damaged or undamaged?



Base: Had car stolen in last 3 years (66)

Car Radio/Stereo Theft

Q Have you had your car radio or stereo stolen within the last three years?



Base: All (1576)

Source: Lex Report on Motoring/MORI

Precautions Against Crime

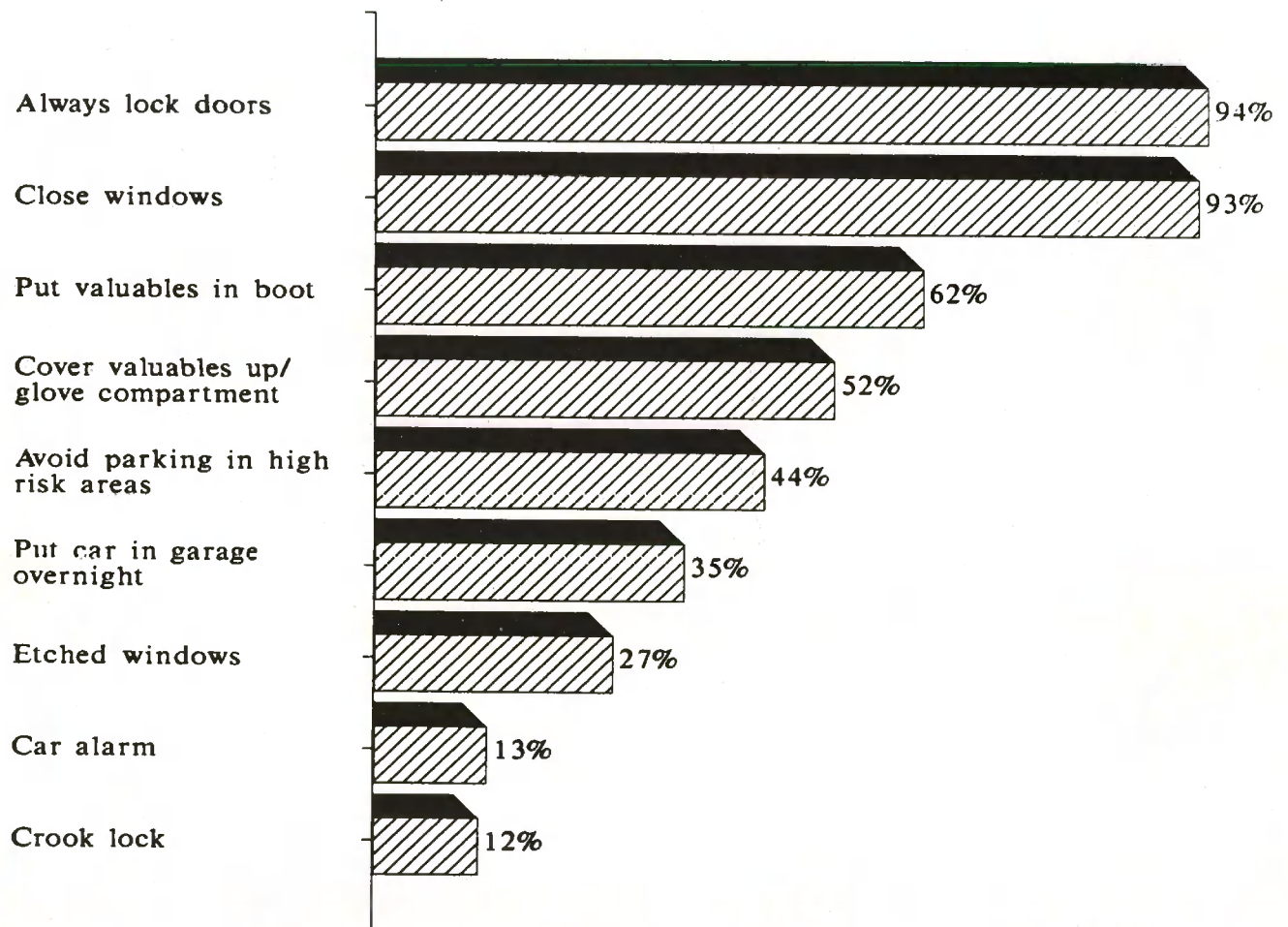
Virtually all drivers take the basic precautions against crime of always locking their car doors (94%) and closing their car windows (93%). Rather fewer take other precautions. Three out of five put their valuables in the boot (although many cars do not have boots these days), half (52%) cover up their valuables, 44% avoid parking in high risk areas and a third put their car in a garage overnight. Nearly half do not cover up their valuables, over half do not consciously avoid parking in high risk areas and two thirds do not put their car in a garage over night as a precaution against crime.

A surprising 27% claim to have had their car windows etched, 13% have a car alarm and 12% have a crook lock.

Generally speaking, older drivers take more precautions than younger drivers.

Precautions Against Crime

Q Which, if any, of these precautions do you take against crime?



*Older people take the most precautions

Base: All (1576)

Source: Lex Report on Motoring/MORI

TRAFFIC WARDENS

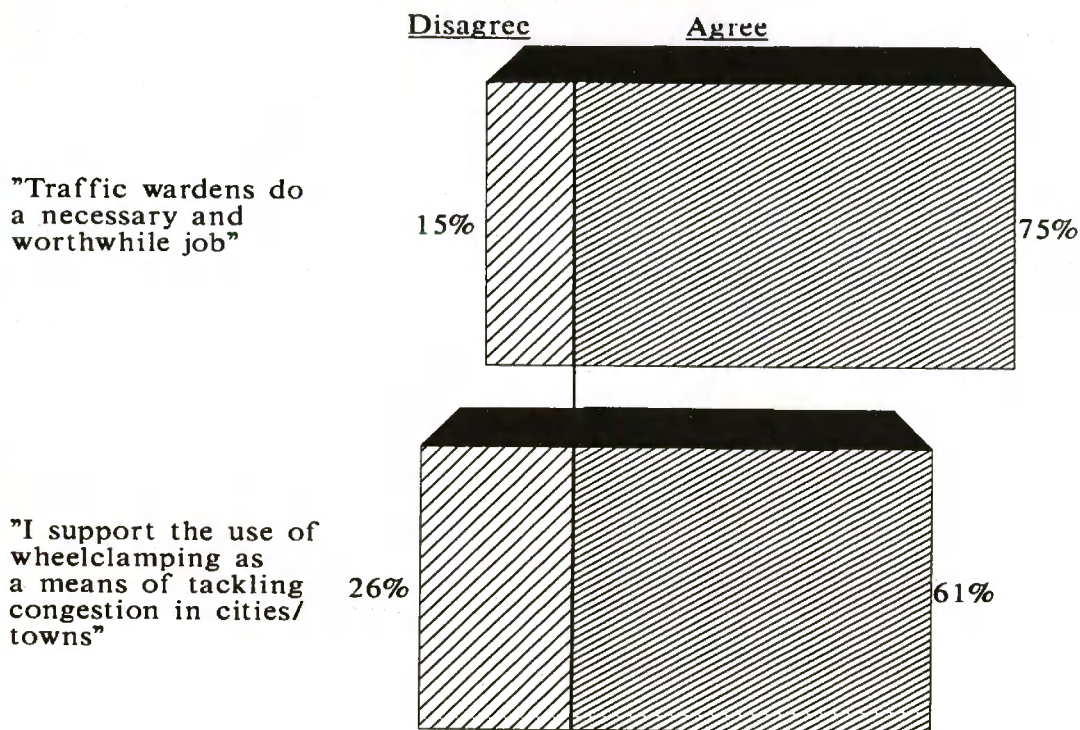
Traffic Wardens and Wheel Clamping

Three out of four drivers (75%) regard traffic wardens as doing a necessary and worthwhile job, while 15% disagree. Younger drivers are most hostile, although even 67% of these, including young single males, believe their job is necessary and worthwhile. Sympathy with the traffic wardens tends to increase with age with 82% of those aged 55 or over believing their job to be necessary and worthwhile. Generally middle class drivers are more supportive of traffic wardens than working class drivers

Three out of five drivers (61%) support the use of wheel-clamping as a means of tackling congestion in cities and towns. The majority of all groups take this view although men are more likely to disagree than women (28% versus 23%), working class people are more likely to disagree than middle class people (31% versus 22%) and respondents in Scotland are particularly opposed (33% disagree).

Traffic Wardens and Wheelclamping

Q How strongly do you agree or disagree with the following statements?



(Neither/No opinion omitted)

BRITAIN'S ROAD SYSTEM

Two out of five (39%) of Britain's drivers are dissatisfied with the road system in the area in which they live and nearly three out of ten (28%) expressed dissatisfaction with the national motorway network.

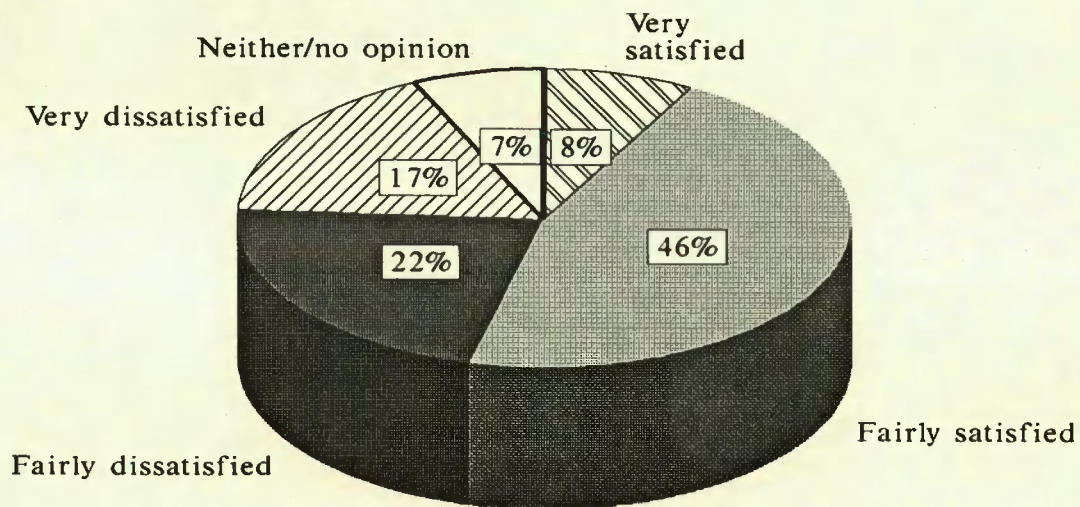
Those who drive the most miles were least satisfied with the motorway system. Thirty-seven per cent of those driving over 26,000 miles per year expressed dissatisfaction compared with 32% of those driving 6,000-26,000 and 21% of those driving up to 6,000 miles.

The drivers in Wales/the South-West and Scotland are most likely to express satisfaction with the national motorway network (71% and 65% respectively), while those in London, the Midlands, and the South-East/East Anglia are least likely to express satisfaction (around 55% in each area).

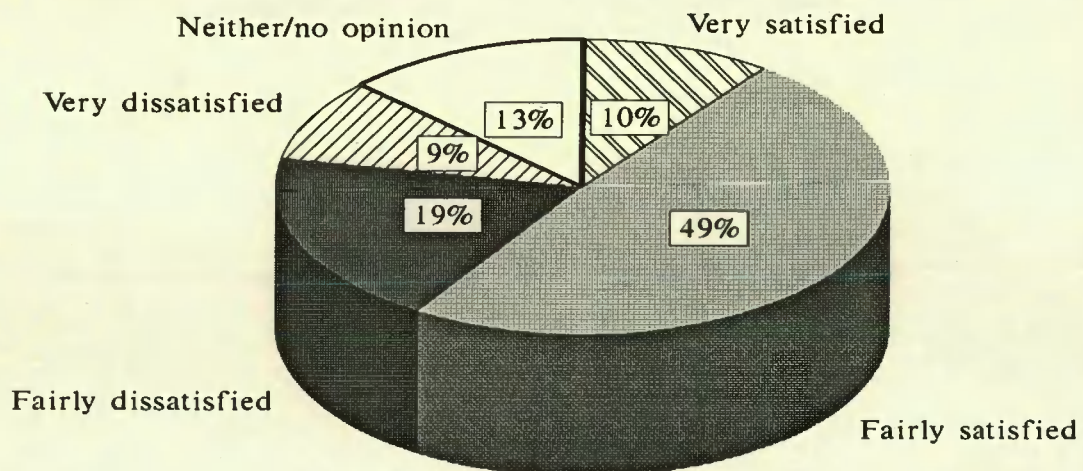
Road System

Q How satisfied would you say you are with the road system in this area/
the national motorway network?

Local Area



National Motorway Network



Base: All (1576)

Source: Lex Report on Motoring/MORI

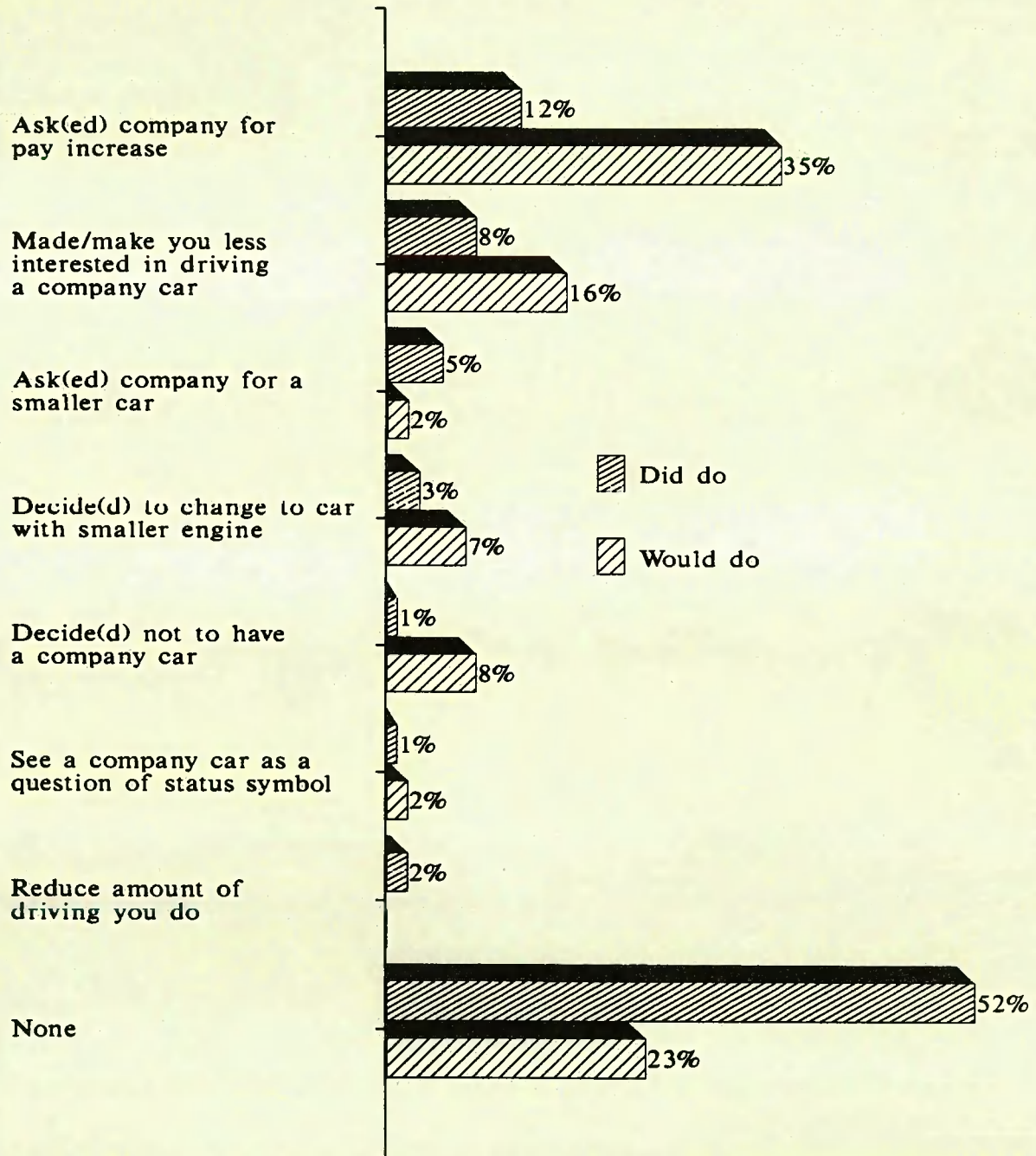
COMPANY CAR TAX

For most drivers of company cars the government's increasing of company car tax in the last budget made little difference to them although one in eight (12%) said they asked their company for a pay increase to cover the increase in tax. One in twelve (8%) said the effect had been to make them less interested in having a company car and one in twenty (5%) had asked their company to provide a smaller car.

However, the effects of the government deciding to double the tax on company cars in the next budget could be more dramatic. One in three (35%) said they will ask the company for a pay increase, one in six (16%) say they would be less interested in having a company car and one in twelve (8%) said they would opt for not having a company car.

Company Car Tax

- Q As you may know, the government increased the tax on company cars in the last budget. Which of these describe the way in which you reacted to these changes?
- Q If the government decided to double the tax on company cars in the next Budget, which of these describe the way you think you would react?



Base: Those who drive company cars (106)

Source: Lex Report on Motoring/MORI

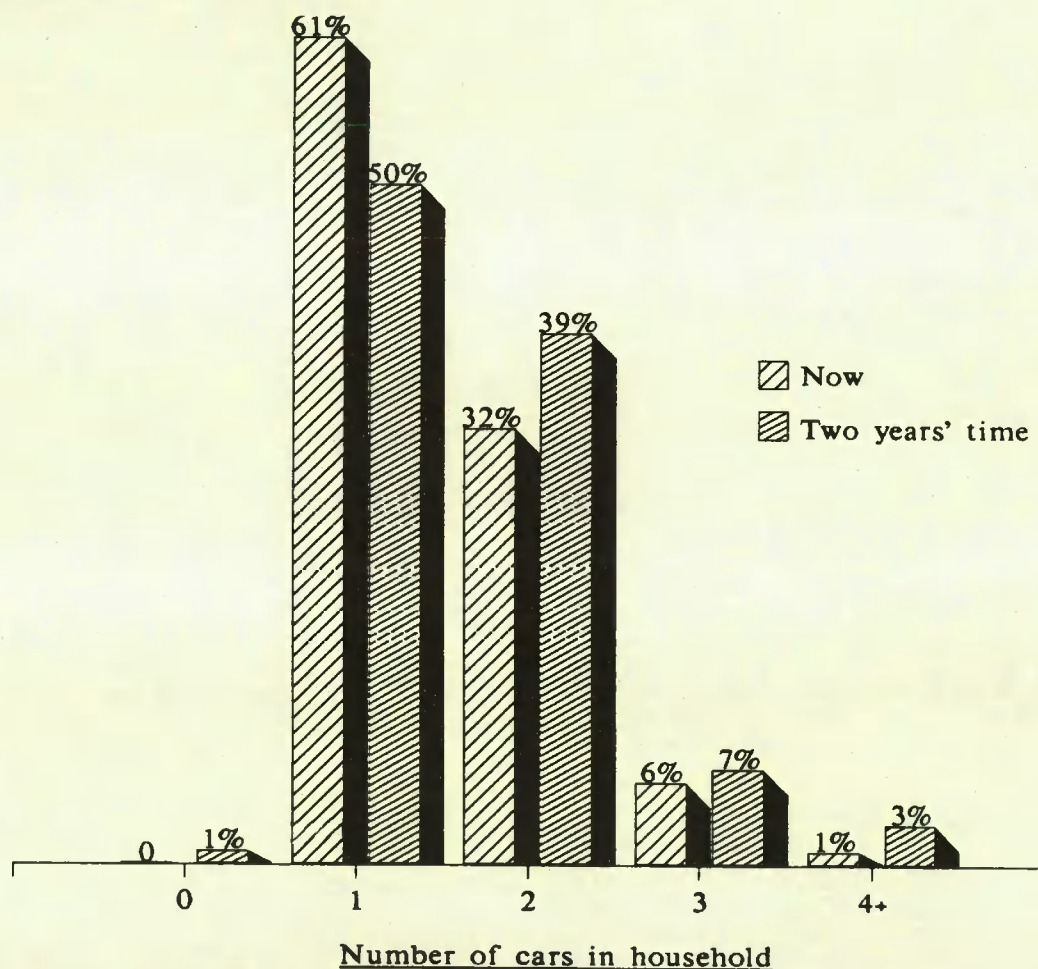
THE FUTURE

Multiple Car Ownership Expectations

On average, there are 1.48 cars in each household containing at least one driver but this could rise to an average of 1.59 in two years time. Sixty-one per cent of households with cars currently have one car, 32% two cars and 7% three or more cars. However, in two years time the proportion expecting to have two cars rises to 39% and the proportion with three or more cars rises to 10%. Grossed up this could mean an extra 2.6 million cars on Britain's roads in two years time.

Multiple Car Ownership Expectations

- Q How many cars are there in your household?
Q And how many cars do you expect there to be in your household in two years' time?



Average now: 1.48
Two years' time: 1.59

= +2.6 million cars in two years' time
Approximately 10% of drivers expect their households to increase the number of cars in two years' time.

Base: All (1576)

Source: Lex Report on Motoring/MORI

Expectations for the Year 2001

Asked which of a list of eventualities they expect to happen by the year 2001, six out of seven drivers (85%) expected all petrol cars to be required to use unleaded petrol which three in four (77%) believe will only be sold in litres not gallons. A half or slightly more, expect cars to be banned from all town centres (56%), London's cars to be only able to travel at walking pace in the rush-hour (53%), most households in Britain to have at least two cars (51%) and expect all road signs to be in kilometres not miles (54%). Perhaps surprisingly, young drivers - those aged 17-24 - were most sceptical about metrification of our road signs and fuel; only 38% and 65% expected this to be the case respectively.

There were rather lower expectations that the speed limit on motorways will be raised to 100 mph (16%), that most cars in Britain will run on electricity not petrol (9%) and that cars will be driven by computers and won't need drivers (7%).

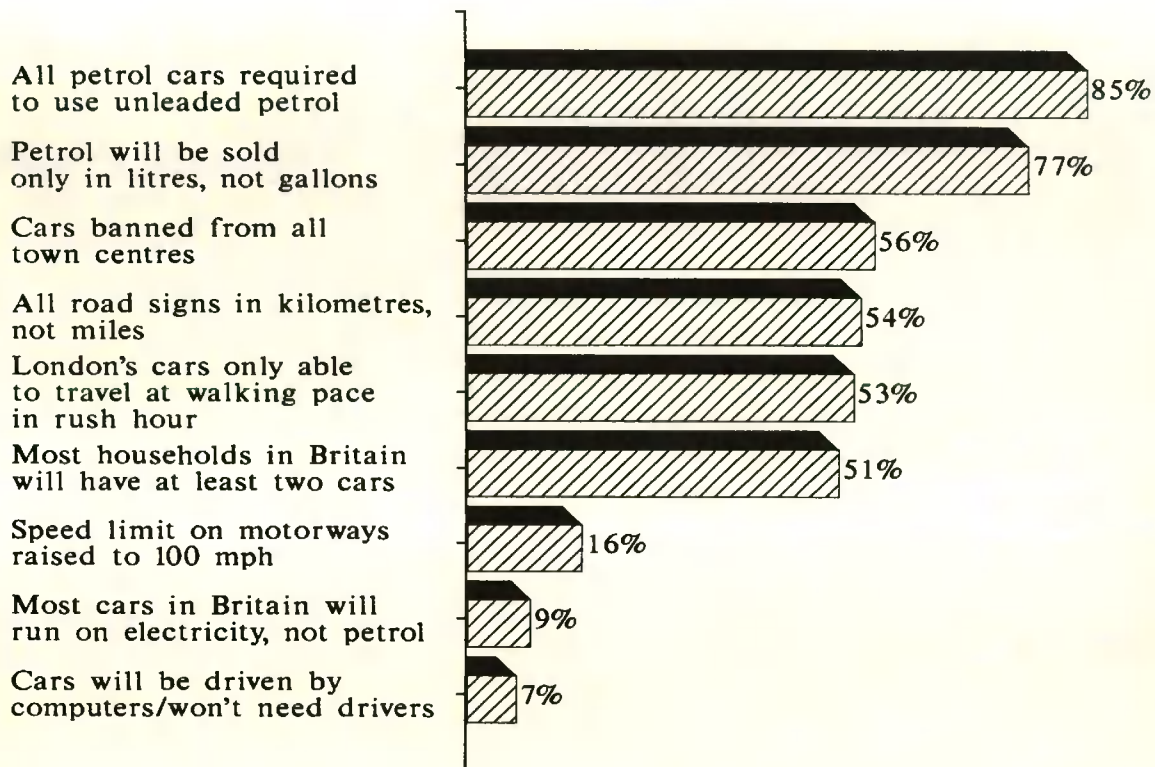
Channel Tunnel

If the Channel Tunnel was opened today some 6% of Britain's drivers believe they would be certain to use it within the next year or so. This grosses up to 1.5 million drivers.

Interestingly, drivers in London and the South East are not substantially more likely to use the Channel Tunnel than drivers elsewhere.

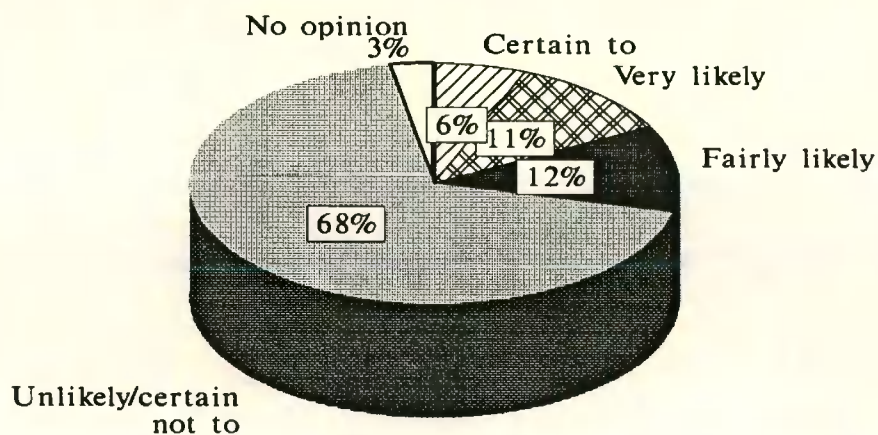
Expectations for the Year 2001

Q Which, if any, of these do you think will happen by the year 2001?



Channel Tunnel

Q If the channel tunnel was open today, how likely do you think you would be to use it within the next year or so?



- * 6% say they are certain to use the channel tunnel
- * This grosses up to 1.5 million drivers
- * London/South East is not statistically different to the rest of the country

Base: All (1576)

Source: Lex Report on Motoring/MORI

BUYING A CAR

New versus Second Hand

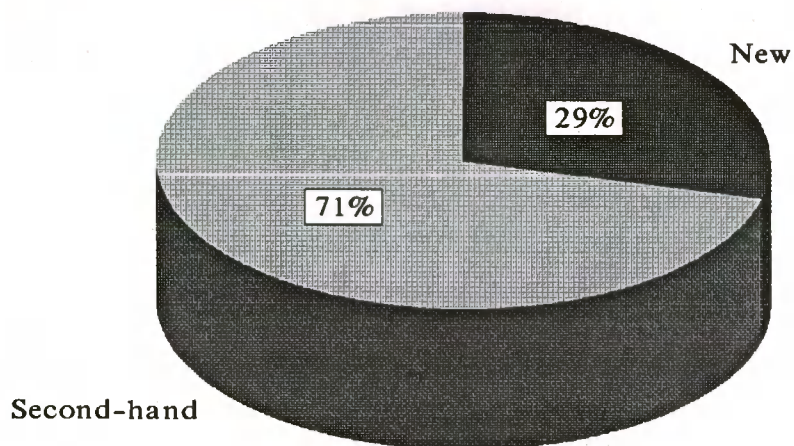
Three out of ten of Britain's motorists claim to have been responsible for buying a car within the last five years, and of these, 29% bought new cars and 71% second hand. The proportion buying new cars does not vary by sex but varies markedly by age and social class. Only 8% of 17-24 year olds have bought a new car and this rises progressively to 52% of those aged 65+. Forty-five per cent of those in the AB social class have bought a new car and this declines down to 15% of DEs.

Replacement or Additional Cars

For 84% of the sample the car represented a replacement for another car, while for 9% it was an additional car to the household. Five out of six of those who had had no car before chose to buy second hand. Six per cent had no car before but this rose to 27% of 17 - 24 year olds. For those who drove new cars 88% of purchases were replacement compared with 82% of those driving second hand cars.

New or Second-Hand

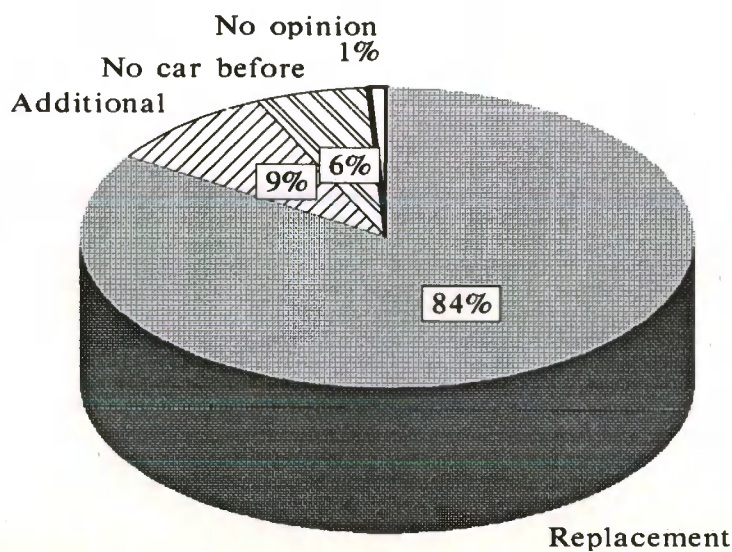
Q Was this car bought new or second-hand?



- * 92% of 17-24 year olds bought their car second-hand
- * 45% of ABs bought their car new

Replacement or Additional Cars

Q And was this car a replacement for another car, bought as an additional car in the household, or did you not have a car in the household before?



Base: Have bought a car
in the last 5 years (1122)

Source: Lex Report on Motoring/MORI

Reasons for Buying a Car

Somewhat over half the respondents gave reasons for deciding to buy their car which related to the age of the car. 37% said their car needed replacing or was getting old and 21% mentioned breakdowns and rising repair bills as a reason. Around a third gave reasons suggesting changing circumstances. Fourteen per cent needed a different type of car, 10% had come into more money, 9% needed an additional car, 7% had a growing family and 5% needed a car as a result of moving.

Around one in five (22%) and two in five whose cars were bought new (40%) said they changed their car regularly anyway.

Buying Priorities

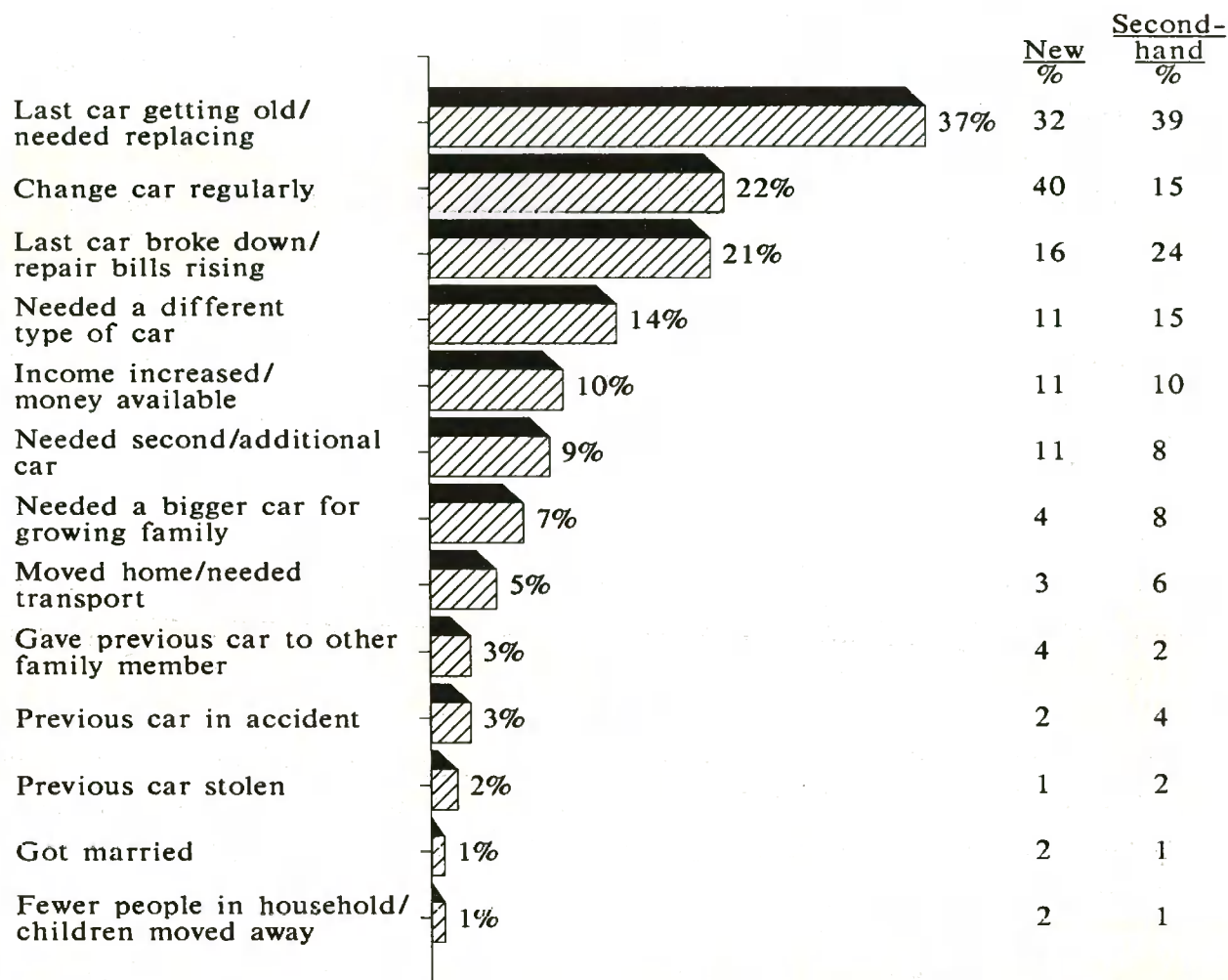
The bulk of car buyers first decide on the amount they are going to spend (41%) although a third (35%) say that they first decide on the make, and one in five (19%) claim they first decide on the model. Only 2% say they choose the dealer or garage they are going to buy the car from before anything else.

The importance of make increases with age such that whilst only 29% of 17-24 year olds choose the make first, some 50% of 65+ year olds do likewise. The importance of the amount spent declines with age with 47% of 17-34 year olds claiming this as their first priority, but only a third of those aged 55+.

Those who bought cars new were most likely to select its make first followed by the amount they intended to spend: nearly one half opted for its make first and around three out of ten decided first on the amount to be spent. By contrast nearly half of those buying second hand cars decided on the amount they would spend first and three and ten decided first on the make.

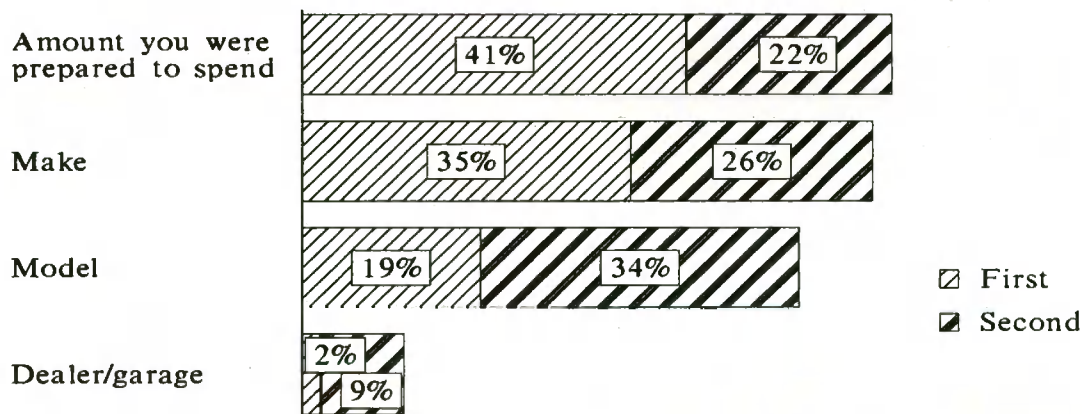
Reasons for Car Buying

Q Which, if any, of these reasons explain why you decided to buy this car?



Buying Priorities

Q When you were thinking about buying that car, which of these did you decide upon first? And which did you decide upon second?



Base: Have bought a car
in last 5 years (1122)

Source: Lex Report on Motoring/MORI

Choosing a Car - Forming an Opinion

Four out of five drivers claim that a visit to a car showroom helped them make their choice of which car to buy and 41% claimed that a test drive helped them to make up their minds. Other factors were somewhat less important. One in six said they read manufacturers brochures, and around one in ten say they read magazines comparing different types of cars (9%), read newspaper or magazine advertisements (9%) and read motoring reports in magazines or newspapers on specific models (11%).

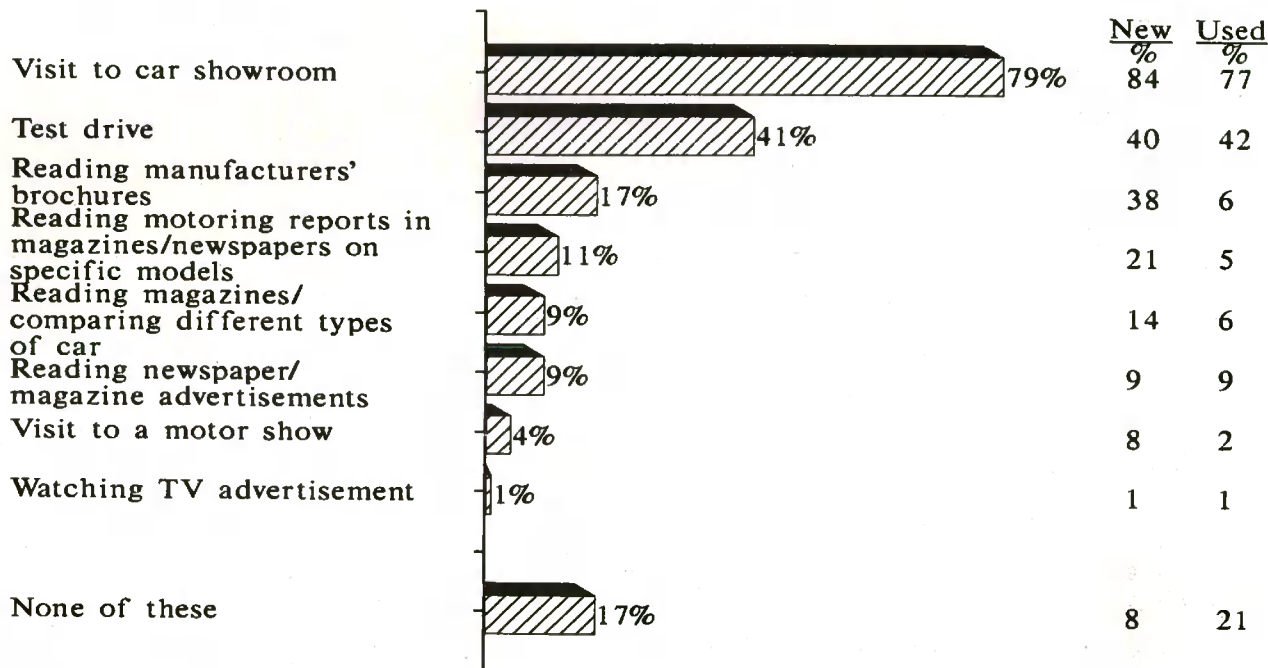
Understandably, those buying a new car are more likely than those buying second hand to read a magazine which compares different types of cars (14%), motoring reports (21%) and manufacturers' brochures (38%). They are no more likely than second hand car buyers to take a test drive.

Who is Consulted?

Three out of five car buyers (62%) talked to or consulted with their spouse or partner when thinking about buying their last car. One in five (22%) including one in three women consulted with other relatives and this type of consultation was particularly high among young buyers with 47% of 17-24 year olds claiming to have consulted with other relatives. One in five also consulted with friends, including 28% of 17-34 year olds. One in six consulted with their car retailer or dealer.

Choosing A Car

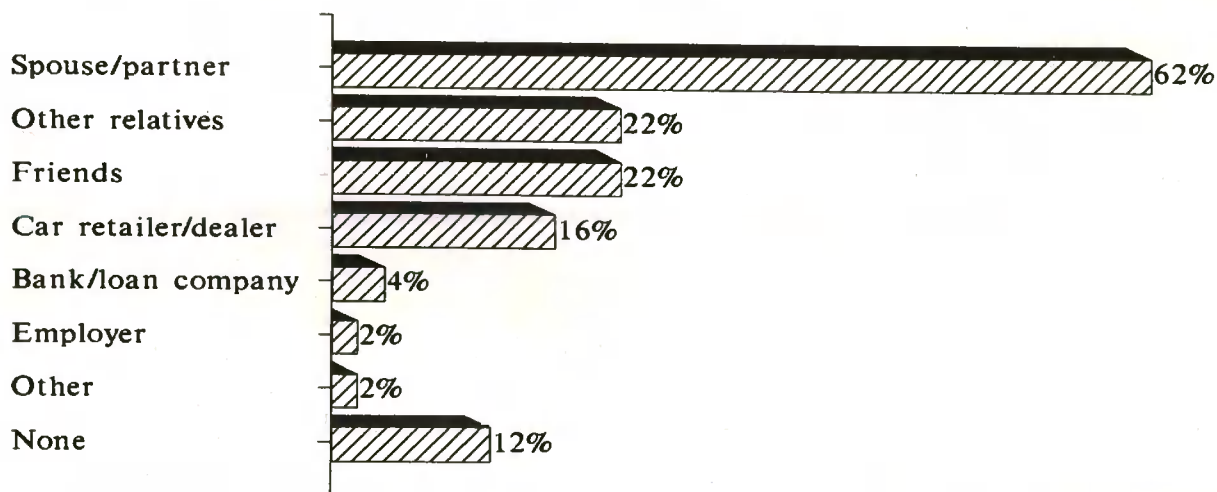
Q When you were thinking about getting that car, which of these helped you to make your choice?



Base: Bought car in last 5 years and answered the question (255)

Who Do Buyers Consult?

Q When thinking about buying that car, which of these types of people did you talk to or consult with?



Base: Bought car in last 5 years (1122)

Source: Lex Report on Motoring/MORI

Who Makes the Choices?

Most people claim to make most of the important choices regarding buying a car by themselves, although between one in five and one in three claim that these choices are made jointly with their partner. This was particularly true on the amount to be spent, with one third claiming this to be a joint decision. Women are consistently more likely than men to claim that each decision was made jointly, except on the selection of the colour of the car where women were slightly more likely than men to claim to have made this decision themselves.

Private vs Company Cars

Twelve per cent of the cars asked about in the survey had been either provided by an employer (8%) or bought by someone in the respondent's household as a business expense (4%). Of the cars bought new 21% were provided by an employer and a further 6% bought as a business expense.

Private vs Company Car

Q Was the car bought privately, provided by an employer or bought by you or someone in your household as a business expense?

	All (2305) %	Bought New (732) %	Second Hand (1527) %
Bought privately	85	71	94
Provided by an employer	8	21	2
Bought by you/someone in the household as a business expense	4	6	3
Don't know	2	1	1

Base: All cars asked about (2305)

The Company Car - Who Chooses?

Those who had a car provided for them by their employer were split fairly equally three ways between those who said that the choice of make and model was entirely their own (31%), those who said they were given alternatives from which to choose (33%) and those who said it was chosen for them (34%).

Who Makes The Choices?

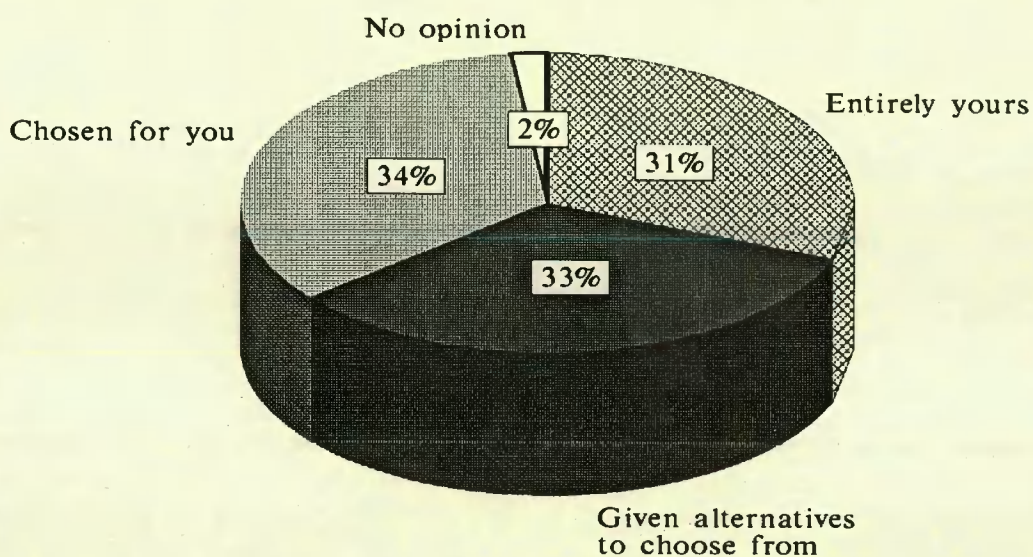
Q Who was principally responsible for making each of the following decisions when buying that car: Yourself, your spouse/partner, your employer or someone else?

	<u>Self</u> %	<u>Jointly self and partner</u> %	<u>Spouse/ partner</u> %	<u>Employer/ someone else</u> %	<u>Jointly self/ someone else</u> %	<u>No opinion</u> %
Amount you were to spend	55	32	8	2	1	1
Type of car	59	26	9	1	2	2
Make	62	24	8	1	2	3
Model	61	25	8	1	2	3
Engine size	64	18	8	1	2	6
Colour	50	20	12	1	1	16

Base: Bought car in last 5 years (1122)

Who Chooses the Company Car?

Q Who decided what make and model of car you should have? Was the decision.....



Base: Car provided by employer (106)

Source: Lex Report on Motoring/MORI

Source of Purchase

Eighty-three per cent of new car buyers bought their car from a franchise dealer specialising only in their make of car, while 14% bought from a franchise dealer selling more than one make.

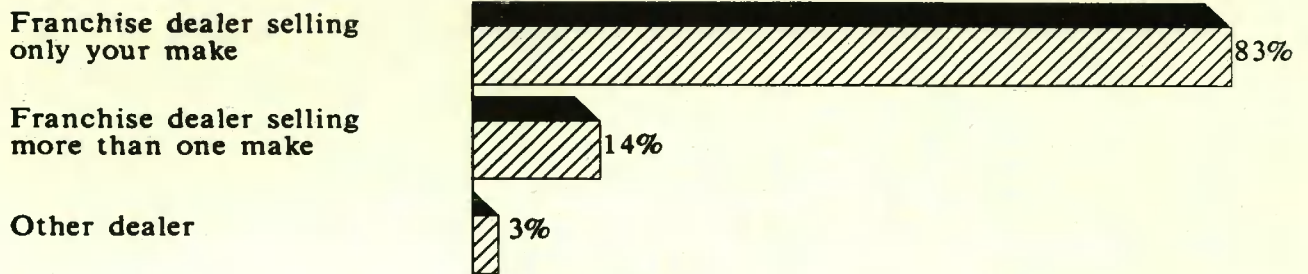
Second hand car buyers were most likely to have bought from a stranger selling privately. The other main sources of second hand cars were second hand car dealers (18%), friends or relatives (16%), non-franchised dealers selling new and second hand cars (16%) and franchise/new car dealer for their make, or another make of car (19%).

Those who had bought a second hand car which was now over six years old were particularly likely to have done so from an individual selling privately (40%) or from a friend or relative (21%).

Source Of Purchase

New Cars

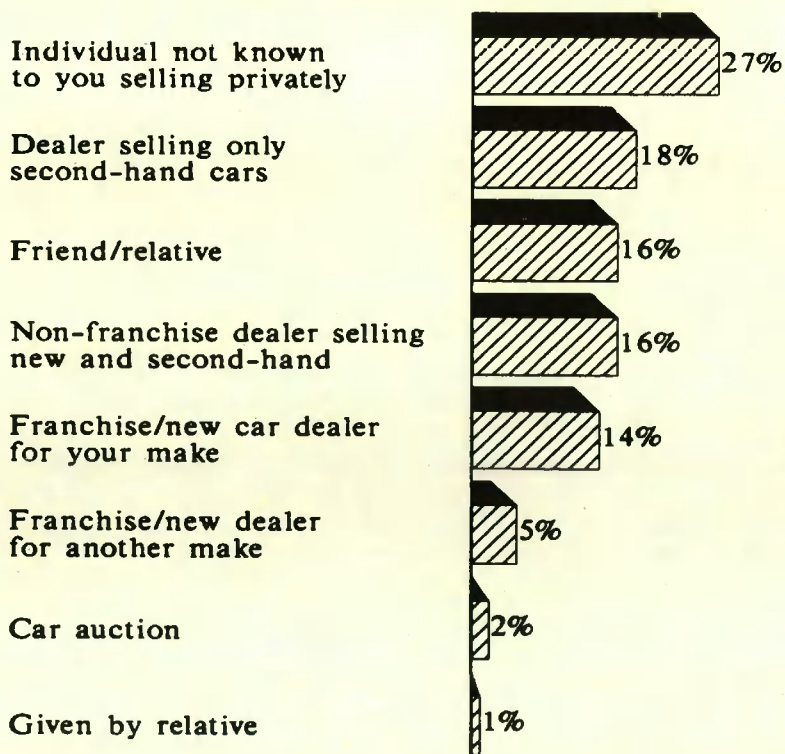
Q Did you buy this car from a.....



Base: Bought new car
in last 5 years (321)

Second-Hand Cars

Q Which of these did you buy your car from?



Base: Bought second-hand car
in last 5 years (799)

Source: Lex Report on Motoring/MORI

Factors in Deciding Where Cars were Bought

The most important factors in deciding the place drivers will go to buy their car are that it should sell the make they prefer (45% overall rising to 58% of new car buyers), a willingness to negotiate on price (38% overall rising to 42% of new buyers), willingness to accept a trade-in and the car being available quickly. One in four want a source near to their home, and one in five are looking for good quality of after-sales service and a wide range of models on display. Men are more interested than women in the range of models on display (21%) and in willingness to negotiate on price (41%), while young single males are particularly concerned to get their car quickly (52%).

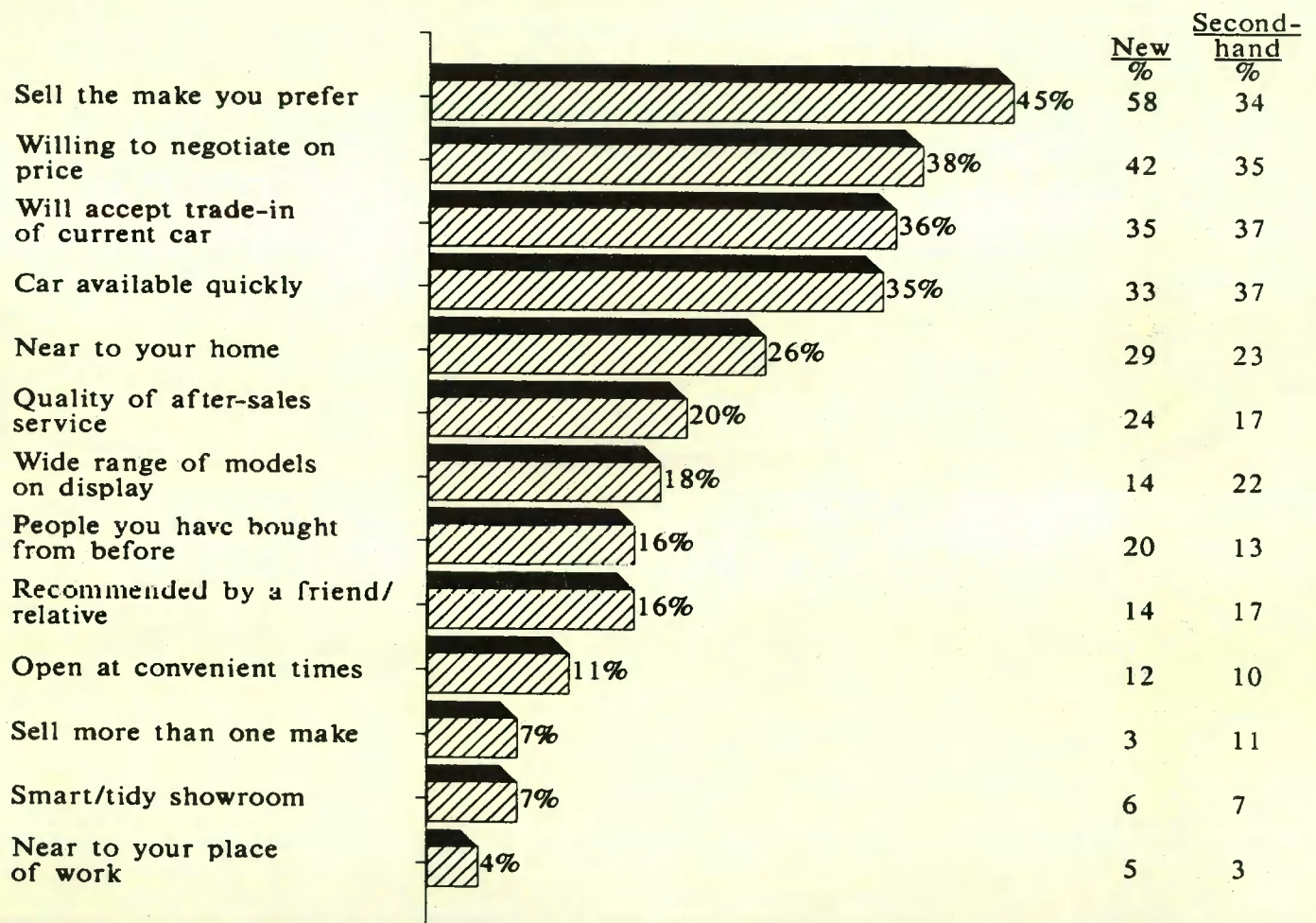
Attractions of an Outlet

Having a number of different makes, as well as models, on display is the item which would most attract drivers to visit an outlet to view a new or second hand car. Nearly half (48%) selected this from a list of facilities which might attract them although it was slightly more of an attraction for drivers of second hand cars (50%) than for drivers of new cars (43%). A private interview room and car servicing facilities on site were also particularly attractive to nearly a third of drivers (31%) and slightly more so to new buyers. One in four (27%) are attracted by a comfortable waiting area and this rises to 32% of new car drivers.

Twenty-one per cent, and rather more young drivers, are attracted by videos showing the car's performance and features; and a similar proportion, and particularly older drivers, are attracted by well maintained toilet facilities. Fifteen per cent are attracted by a children's play area, although some 50% of housewives with children find this feature attractive.

Factors in Deciding Where Cars Were Bought

Q Which three or four of the items on this list were most important in deciding the place you would buy the car from?



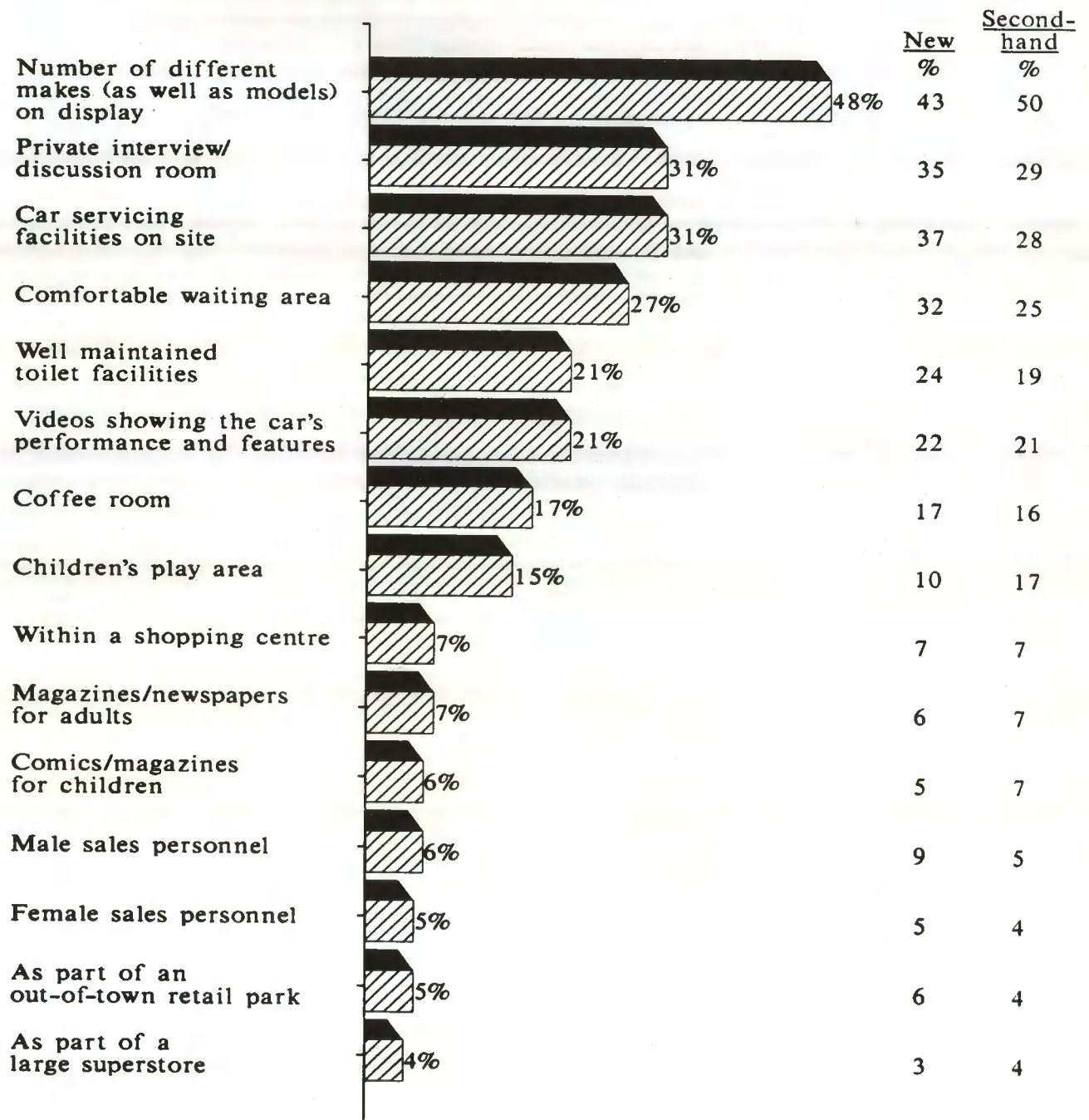
- * Men more interested than women in range of models (21%), and negotiating on price (41%)
- * Young single males want the car quickly (52%)

Base: Bought new/second-hand car from dealer/garage (735)

Source: Lex Report on Motoring/MORI

Attractions of Outlet

Q If the following facilities could be provided at the place where you might buy a new or used car, which, if any, would particularly attract you to visit the outlet?



Base: All (1576)

Source: Lex Report on Motoring/MORI

PERSONAL SERVICE

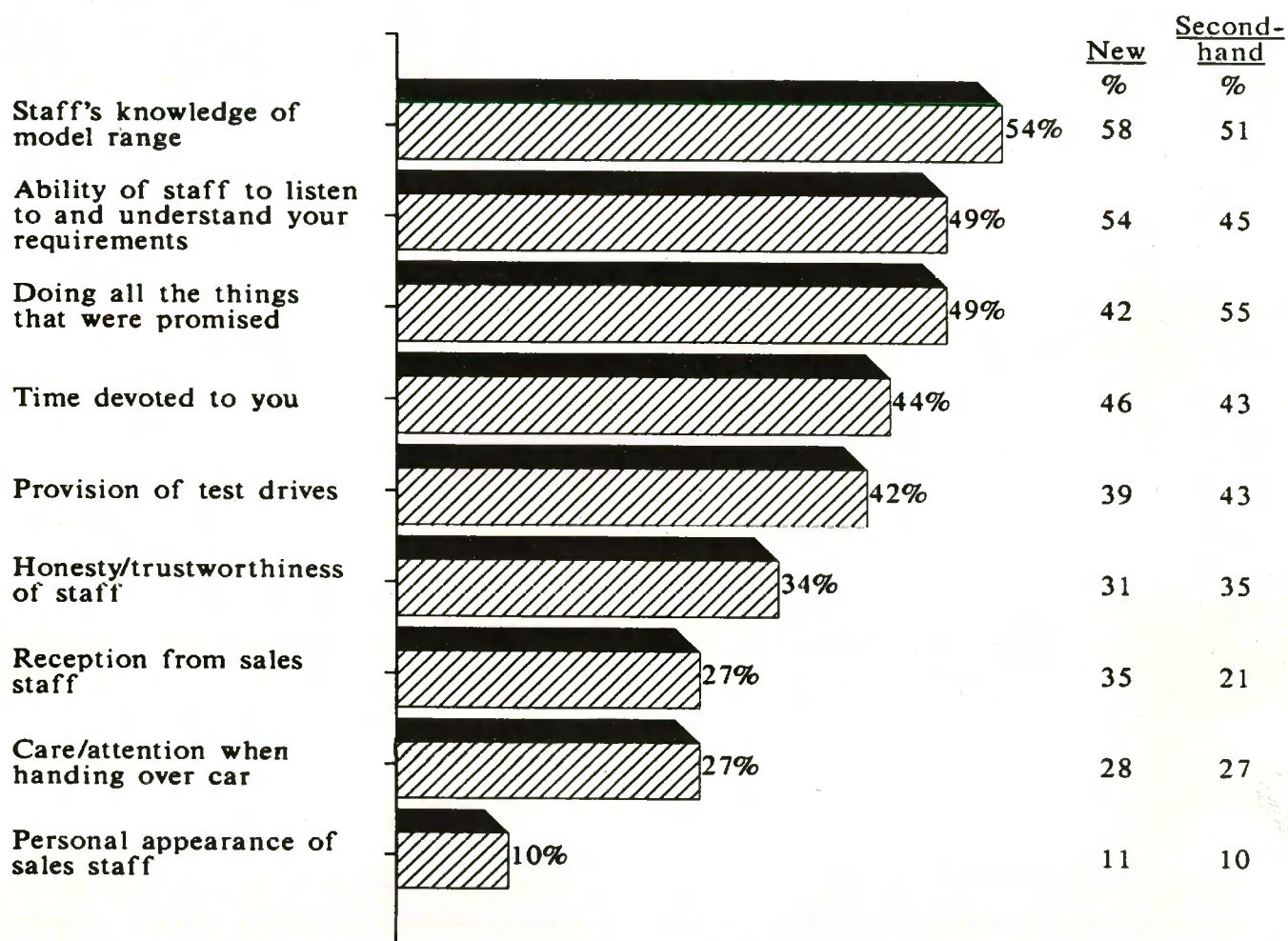
Personal Service

Asked to select from a list the three or four most important aspects of personal service when buying a car, drivers who had bought a new or second hand car from a dealer or a garage, drivers were particularly looking for staff who had a good knowledge of the model range (54%), ability of the staff to listen to and understand their requirements (49%) and doing all the things that were promised (49%). Others considered important include time devoted to them (44%) and provision of test drives (42%). Only 10% selected personal appearance of the sales staff as important.

Drivers who had bought their cars new were rather more interested in staff having a good knowledge of the model range (58%), staff who would listen to and understand their requirements (54%) and a good reception from the sales staff (35%). Drivers of second hand cars were most concerned that the garage or dealer did all the things that were promised.

Personal Service

Q Which three or four of these aspects of personal service do you think are most important when buying a car?



Base: Bought new/second-hand car from dealer/garage (735)

Source: Lex Report on Motoring/MORI

Number of Dealers Visited

On average new car buyers claim to have visited 2.2 dealers before deciding where to buy the car, while second hand buyers visited an average of 1.8, although 40% of the latter visited no dealer at all probably because most of these had not bought their most recent car through a dealer.

A third of those buying new cars went to only one dealer. One quarter of those buying company cars visited no dealers at all, although one in three visited three or more dealers.

Young drivers are least likely to have visited any dealers although this reflects their greater propensity to buy second-hand cars

Test Drives

Of those who bought their car from a dealer, new car buyers test drove an average of 1.0 cars and second hand drivers an average of 1.2 cars. However, one third (36%) of new car buyers did not take a test drive at all and neither did a quarter (22%) of second hand car buyers.

The propensity to take a test drive seemed to differ little by sex, age or social class.

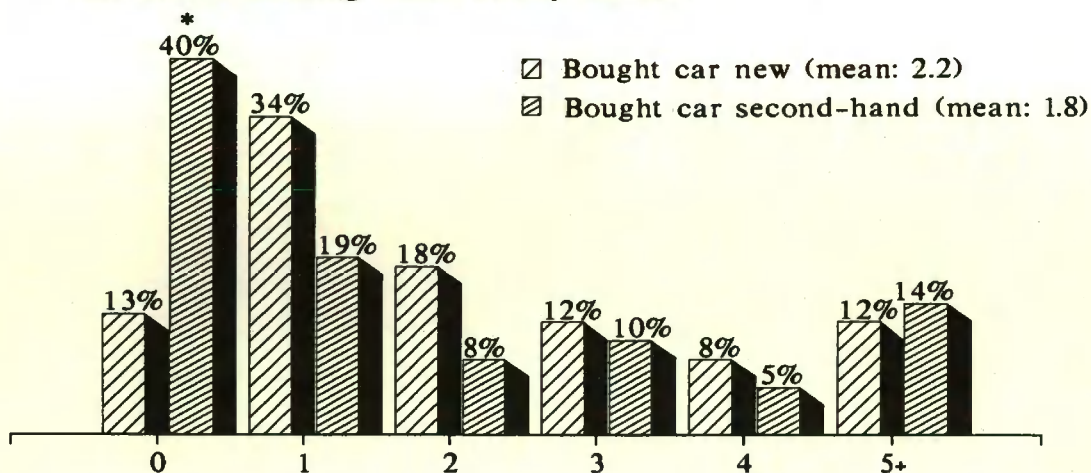
Car Purchase Finance

Three out of four of cars asked about in the survey were bought by cash or bank loan and this rose to five out of six (85%) of second hand cars. Eleven per cent were bought using hire purchase, although this rose to 18% of new cars.

Of those arranging hire purchase, finance leasing or contract hire, four out of five (79%) did so through the car dealer.

Dealers Visited

Q When you bought that car, how many dealers, if any, did you personally visit before deciding where to buy the car?

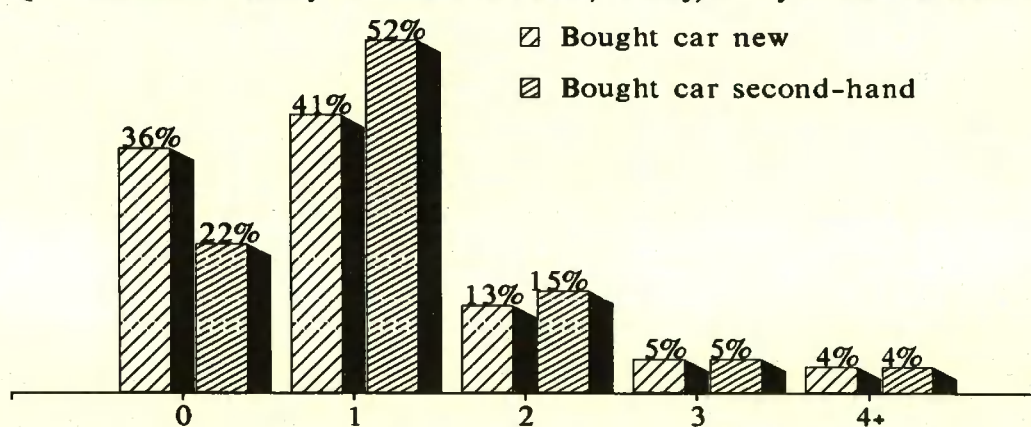


* reflects those bought privately

Base: Bought new/second-hand car in last 5 years (1122)

Test Drives

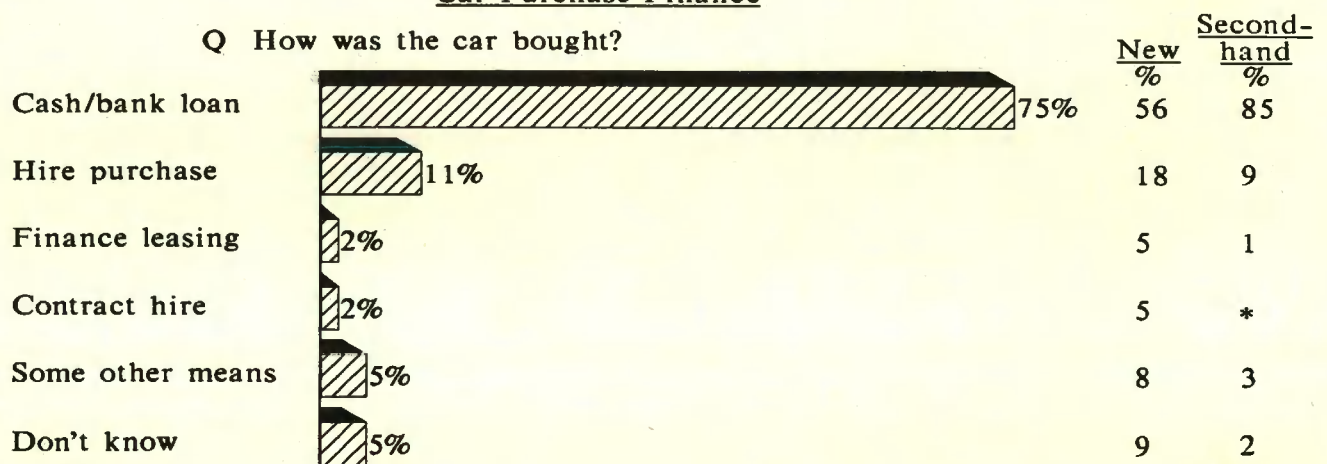
Q And at how many of these (dealers), if any, did you have a test drive?



Base: Have visited a dealer when buying last car (733)

Car Purchase Finance

Q How was the car bought?



Base: All cars in household (2305)

Source: Lex Report on Motoring/MORI

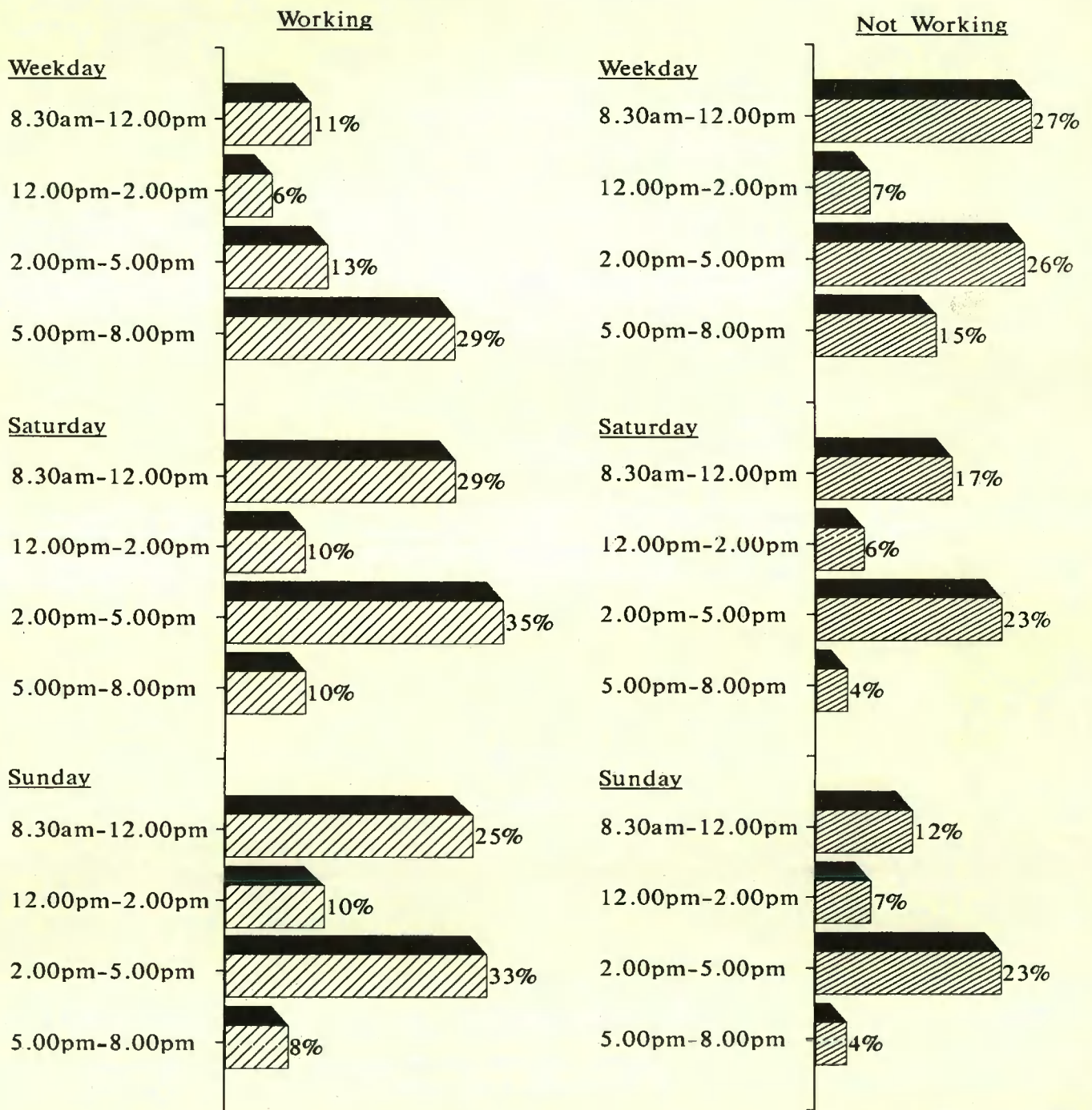
Best Time to View a Car

Asked to select the best two or three times that suited them for viewing a car, working people most preferred Saturday afternoon (35%) followed by Sunday afternoon (33%), then Saturday morning (29%) and a weekday evening (29%). The least favoured times were weekday lunch times (6%), and Sunday evening (8%).

Non-working people were not quite so adamant and also tended to prefer rather different slots. Twenty-seven per cent expressed a preference for weekday mornings, 26% for weekday afternoons while slightly fewer preferred the slots most favoured by working people of Saturday afternoon and Sunday afternoon (23%). Least favoured times were Saturday evening (4%) and Sunday evening (4%). One in four (27%) of non-working people expressed no preference.

Best Time to View a Car

Q If you were to view a car, which two or three of these times would suit you best?



Base: All (1576)

Source: Lex Report on Motoring/MORI

SERVICING

Importance of Servicing

Three out of five drivers (62%) consider it either essential or very important to have their car serviced according to the manufacturers' recommendations, although this varies from around 53% of 17-34 year olds, up to around 75% of those aged 55+. Those driving a new car are markedly more likely to consider servicing to be essential or very important (81%) than those driving second hand cars (53%).

Distance Prepared to Travel

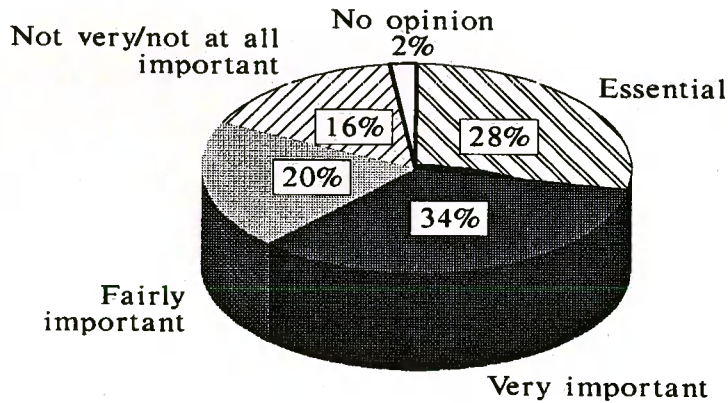
Britain's drivers who have their car serviced by a garage or main dealer have widely differing views about how far they are prepared to go to get their car serviced. Three out of ten (30%) would not be prepared to go more than a maximum of three miles whilst nearly one in five (19%) would go more than ten.

Those who bought their car new are prepared to travel further on average than those who bought their car second hand - 8.1 miles and 6.8 miles respectively. Men (7.6 miles) are prepared to travel further than women (7.0 miles) and the willingness to travel clearly declines with age. At the one extreme drivers aged 17-24 would be prepared to drive an average of 9.5 miles, whilst at the other extreme, drivers aged over 65 would be prepared to drive an average of 6.3 miles.

Those with older cars are less prepared to travel a long distance whilst those with larger cars are happier to drive further; drivers of cars with an engine size up to 1400cc are prepared to drive an average of 7.0 miles, those with an engine size of 1401cc to 2000cc are prepared to drive 7.7 miles, whilst those with an engine over 2000cc would drive 8.1 miles.

Importance of Servicing

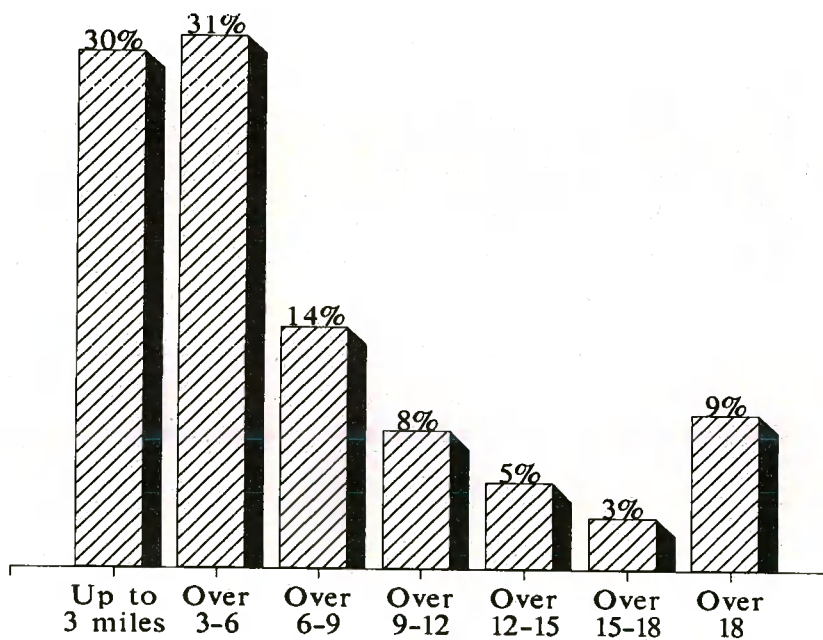
Q How important do you think it is to have the car in your household serviced according to the manufacturer's recommendations?



Base: All (1576)

Distance Prepared to go to Service

Q What is the maximum distance you would be prepared to go to get your car serviced?



Base: Have car serviced
by dealer/garage (745)
(excluding 'no opinion')

Source: Lex Report on Motoring/MORI

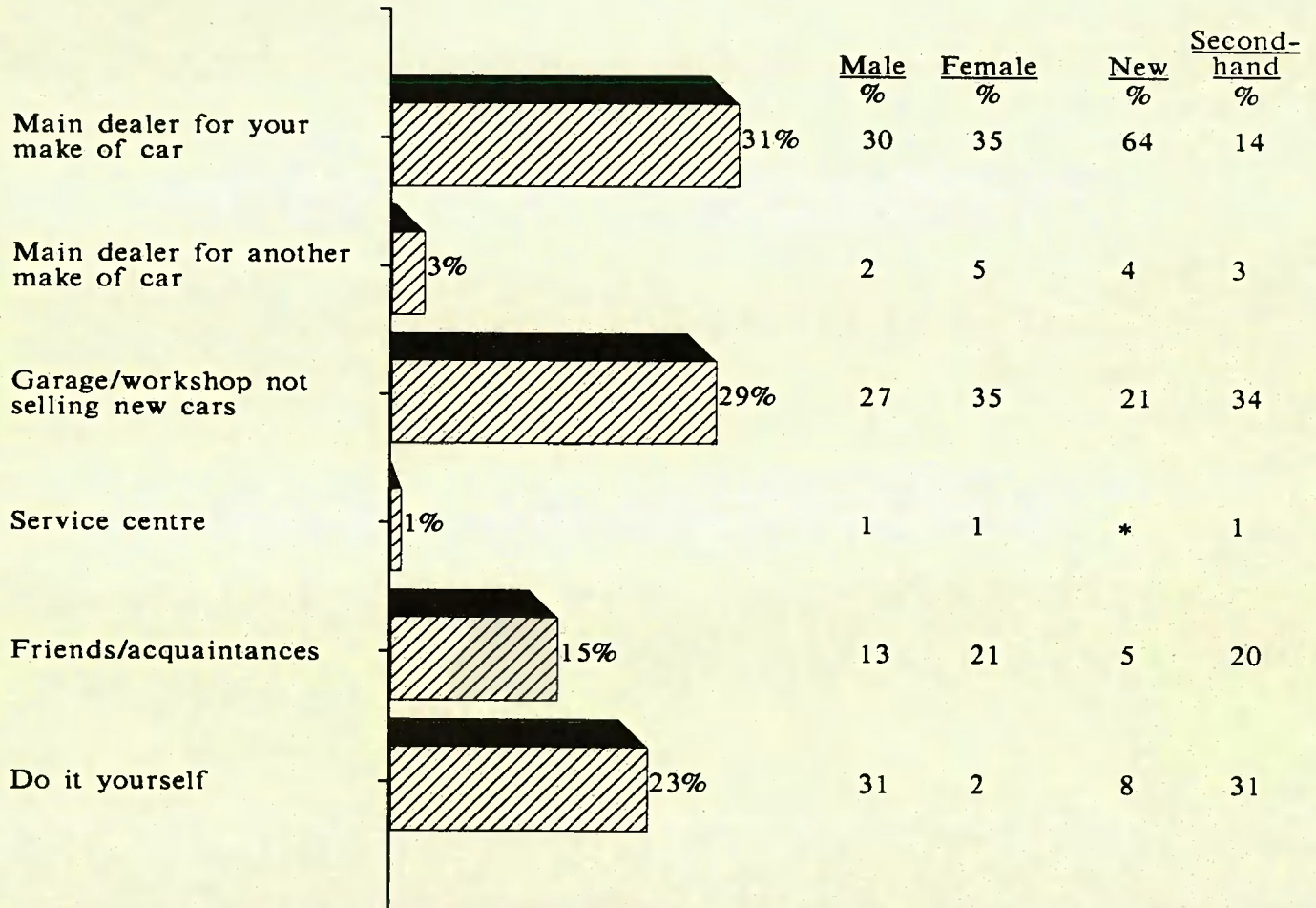
Who Services the Car

A third of drivers have their car serviced by a main dealer for their make of car but this rises to two-thirds of those owning a new car. Twenty-nine per cent have their car serviced by a garage or workshop not selling new cars and this rises to a third of women and a third of those driving second hand cars. One in four (23%) do it themselves although this rises to a third of men and a third of those with second hand cars. Friends or acquaintances service the cars of 15% of drivers and one in five women and one in five of those with second hand cars.

Of those who have their car serviced by a main dealer, 57% go to the same location as they bought it from, although this rises to 64% of those who bought their car new compared with 44% of those who bought it second hand.

Who Services the Car?

Q Where do you have your car serviced?



Base: All responsible for servicing car (1205)

Source: Lex Report on Motoring/MORI

Rating of Main Dealer/Garage

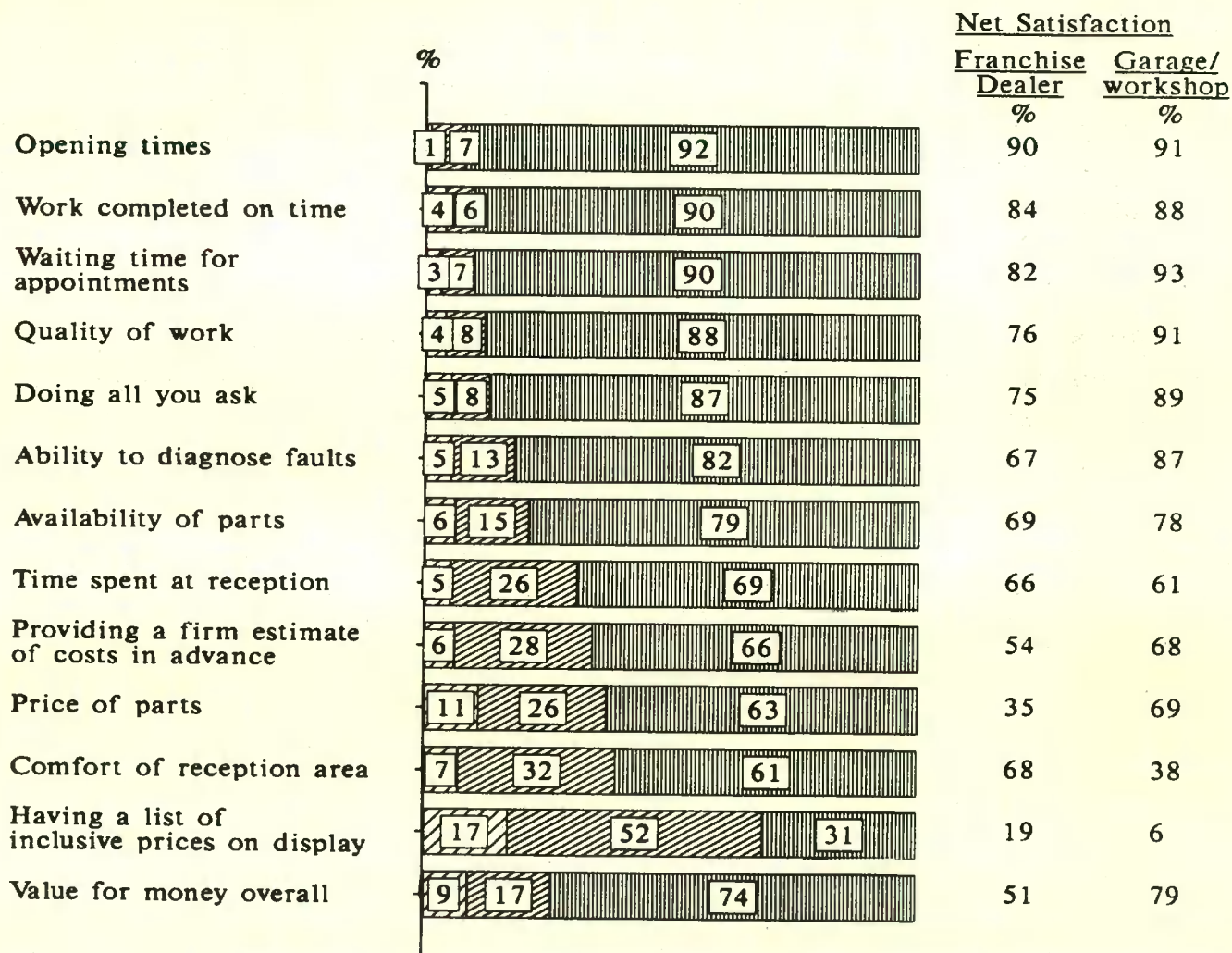
Most people are satisfied with most aspects of the service they get from their main dealer or garage when having their car serviced. Most satisfaction was expressed for opening times (92%), work being completed on time (90%) and waiting time for appointments (90%). The greatest dissatisfaction was expressed for having a list of inclusive prices on display (19%) and only a third (31%) expressed satisfaction with this aspect, most of the rest expressing no opinion.

Those who had their car serviced at a garage or workshop were generally more satisfied than those who had their car serviced at a franchise dealer. This applied particularly with respect to value for money overall (percentage satisfied minus percentage dissatisfied 79% versus 51%), the price of parts (69% versus 35%) and providing a firm estimate of costs in advance (68% versus 54%). The only item where franchise dealers scored substantially better than garages/work shops was the comfort of their reception area (68% versus 38%).

Six out of seven drivers have no preference as to whether a man or woman books their car in for servicing, of those who do express a view 14% prefer a man and 2% a woman, and even women prefer a man by a ratio of 16% to 3%.

Rating of Dealer/Garage on Servicing

Q How would you rate the dealer/garage which services your car in terms of the following?



Base: Have car serviced by dealer/garage (775)

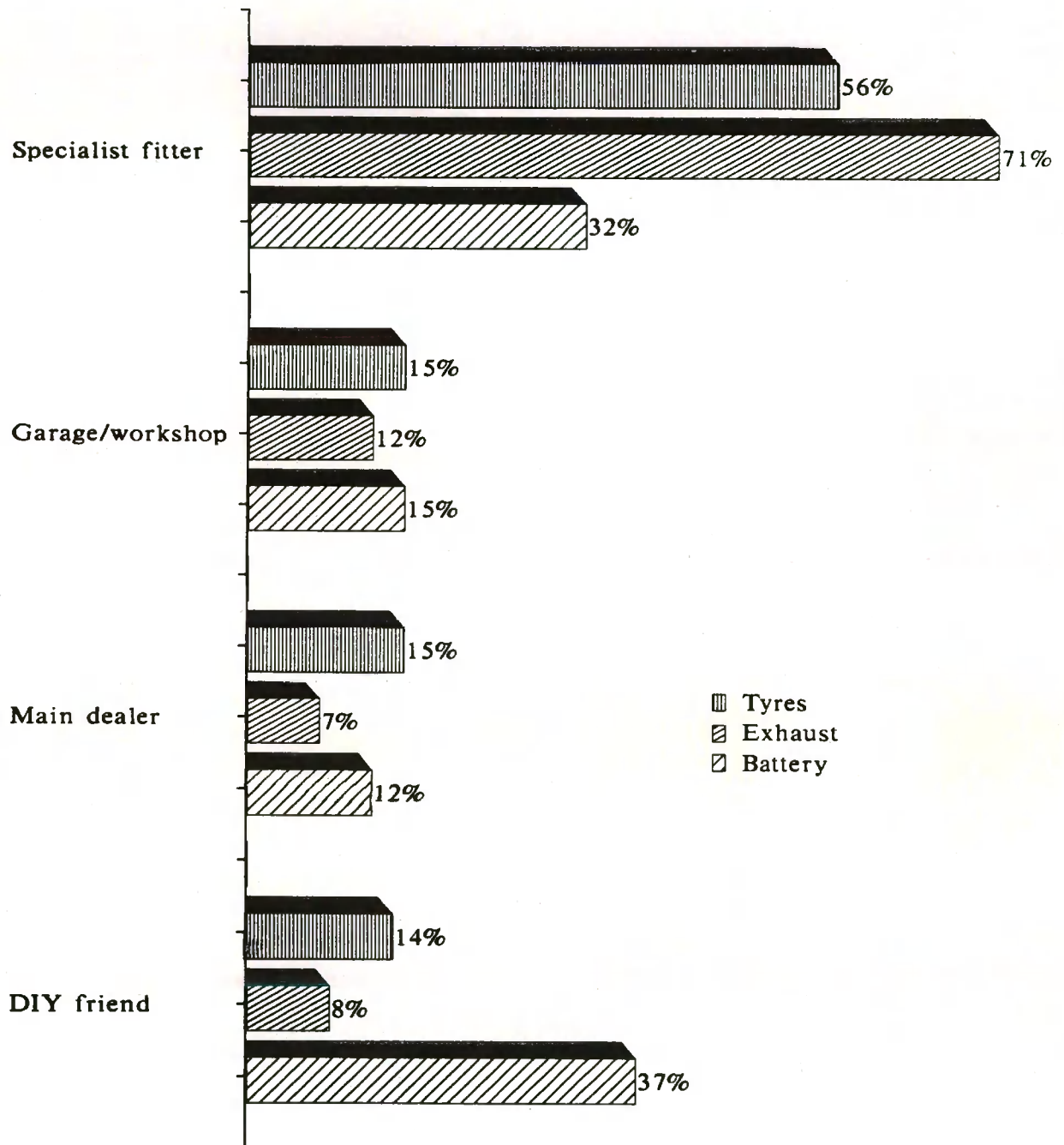
Source: Lex Report on Motoring/MORI

Specialist Fitters versus Dealers

Specialist fitters are the preferred source for replacing tyres (71%) and replacement exhaust systems (56%) although DIY is the most favoured way of replacing the car battery (37%) while specialist fitters are second choice (32%). Main dealers and garages or workshops are preferred for these operations by 15% or fewer of respondents.

Specialist Fitters vs Dealers

Q If you had to replace your tyres/exhaust/battery, where would you be most likely to get this done?



Base: All (1576)

Source: Lex Report on Motoring/MORI

CARS, CUSTOMERS AND THE MOTOR INDUSTRY

- DANIEL T JONES

CARS, CUSTOMERS AND THE MOTOR INDUSTRY

by Daniel T Jones (1)

The MORI Survey of Britain's Car Drivers for the Lex Report on Motoring, reveals a nation that has become highly dependent on its cars. The car has not only become essential for many of us to get to work, but is now even more important for our spare time activities. Without it shopping, visiting friends, going out to the theatre, the cinema, DIY and garden centres, sports and leisure facilities would be much more difficult. Four in five drivers said they would find it difficult to adjust their lifestyle to being without a car, and only one in five said they would use their car less if public transport were better.

Car ownership has also become much more widespread. Twenty five years ago only one household in three had a car, now two in three have one. As living standards have risen more families can afford to run a second car and more young people still living at home have become car owners. The trend towards each adult in the household having his or her own car will continue. One third of car owning households have two or more cars and this could become one in two by 1990.

We also do not appear to be a nation of discriminating car drivers; half the women drivers and a third of the men said they did not care what car they drove as long as it got them from A to B. When it comes to buying a new car most of us do not appear to devote a great deal of effort to doing so. We make up our minds what make or model we are going to buy and how much we are going to spend well before we get round to visiting a showroom.

The make of car we intend to buy determines which dealer we chose to visit, closely followed by his willingness to negotiate. Only just over half of those buying a new car shop around by visiting more than one dealer, and only one in five of those visiting a dealer test drive more than one car. Thirty seven per cent of new car buyers visiting a dealer do not even test drive the car they are buying! The visit to the showroom and the test drive were the most important factors in helping people make up their minds which car they would buy.

Most new car buyers seemed to be very satisfied with their buying experience when visiting the dealer they bought the car from. Buyers were most satisfied with their reception from the sales staff and least satisfied with the provision of test drives. The reason why respondents did not buy the car from other dealers they visited might have been less flattering!

1. European Research Director, International Motor Vehicle Programme, Science Policy Research Unit, University of Sussex

When asked what features would attract them to visit a dealer in the future the ability to compare different brands at one dealer was the most popular choice. Two in five new car buyers wanted to be able to do this. While there have been some limited experiments at selling many competing makes on one site in this country, it is something the manufacturers have so far resisted. In the United States mega dealers selling up to 17 makes on one site have been very successful in some large conurbations. Clearly consumers like the idea of choice, but whether it will happen here is an open question. From a dealer's point of view, managing a large multi franchise dealership is very complicated and recent research has shown it is not necessarily more profitable. (2)

While the franchised dealers sell 96% of all new cars they only sell 19% of used cars, 32% are sold through garages and second hand car dealers, and 43% are sold privately. When it comes to servicing the car, franchised dealers only manage to retain 44% of the customers who bought new cars from them, 24% going to other franchised dealers, 21% to local garages and 13% being serviced privately. However, it ought to be said that after four boom years for new car sales dealers have plenty of service and repair work to keep them fully occupied. Moreover it is from this service and repair work that they earn a good deal of their profits.

Over the years dealers have seen parts of their activities eaten into by specialist firms. Tyre and exhaust firms are being followed by menu price service facilities, such as the Halfords and B&Q service centres. Although this survey shows that dealers only account for 15% of the tyre business and 7% of exhaust replacement, the service centres have so far hardly begun to have an impact on the market.

On most aspects the customer appears to be generally satisfied with their service experience at the franchised dealer, though the price of parts, comfort of the reception area and displaying a list of prices remain to be improved. Local garages seem to score better than dealers on providing a firm estimate, their ability to diagnose faults and perceived value for money. Finding a local guy you can get to know and trust to service your car is the key to their survival. However, they keep customers waiting longer and have less comfortable reception areas. They too score badly on having a list of prices on display.

2. See Jonathon Brown, Is bigger better?, Motor Agents Association, 1988

Motorists clearly want to know just how much it is going to cost to service their car and to have it done professionally. It has often been suggested that a chain of professionally run service-only garages could take business away from both local garages and franchised dealers and that we may eventually see a separation of new car sales from service. People do not want to travel far to have their car serviced, but they may be prepared to travel further to buy a car from a large multi-franchise dealer. At present every part of the motor industry is making record profits and so there is little incentive to try new experiments. However, this may not always be the case and once someone successfully develops a new way of doing business things could change quickly.

Over the last four years new car sales in the UK have risen to a record 2.2 million units, and the same has been true throughout the rest of Europe. For the last year or so industry analysts have been expecting a softening of demand in both the UK and Europe, though so far this has not happened. Consumer expenditure continued to grow and so did car sales. However, many observers are now forecasting a fall in sales from the second half of 1989 in all markets around the world. Sales in the UK are likely to fall between 5 and 10 per cent in 1989 and by maybe half that amount again in 1990. However, forecasting car demand is a difficult business, particularly at turning points and no one is really sure how steep the fall off in sales will be. One thing is certain and that is that we are unlikely to see the same kind of collapse in sales as after the 1979 oil shock.

As in the rest of Europe car production has also risen in the last few years. The time of overcapacity and layoffs is now over and some firms are talking about expanding capacity again. After shedding over 400,000 employees throughout Europe between 1980 and 1986, 172,000 of them in the UK, the European motor industry emerged from the early 1980's leaner and fitter than at any time in its history. A slight turn down in demand will in itself not cause major problems for the industry, but there are other factors that might.

Recent research carried out by the International Motor Vehicle Programme has revealed that the European motor industry is not as competitive as it might appear to be.⁽³⁾ Productivity and manufacturing quality lag considerably behind the Japanese. Moreover, Ford and General Motors, who have been exposed to direct competition with Japanese plants in North America, have begun to close the gap with the Japanese. The Europeans have not yet begun to do so. Japanese plants in North America have achieved the same productivity and quality as their counterparts back home and the best of the American plants are now on a par with the average plant in Japan.

3. Reported in the Financial Times of 28 October 1988.

When the Japanese open their plants in Europe the Europeans will have to make big strides to catch up with them. It is not only Japanese plants that pose a challenge to the European producers, but also the American firms who are transferring the lessons learnt in the US to the European plants. This, plus the real possibility of Japanese exports from North America to Europe and maybe imports from South Korea, will significantly increase the competitiveness of the European car market in the 1990s.

This battle for market share in Europe will coincide with the moves towards a single market and the 1992 programme. Although the motor industry's costs are not likely to fall much as a result of the single European market, the 1992 programme is concentrating the minds of the European firms on how they can change from being essentially national firms to being fully European. There is unlikely to be a convergence in the kinds of cars bought for instance by the Italians and the Germans. Therefore the European producers will have to make the changes necessary to win market share abroad and break out of their dependence on their domestic markets.

So can we draw any lessons from this survey that will help us understand what is likely to happen in the 1990s?

From the perspective of the manufacturers, they are first of all going to look to their dealers to match the productivity gains they have made and are going to have to make in the future. Second, they will be looking to increase their share of the expenditure over the life of the car. In other words, they will want their dealers to keep their customers coming back for longer than the first three years of the life of the car. Lifetime car schemes, extended warranties, and maintenance contracts are examples of this, though it will be up to the dealer to attract this business. Half the new car buyers said they would be likely to take out an extended warranty with their next car and slightly fewer said they would probably take out a mechanical parts and labour guarantee.

Third, the manufacturers will be looking to increase their market share. One way is obviously to introduce good new models, though everyone else will be doing the same. The Japanese, with their four year model cycle and their clear strategy of introducing many more different models targeted at particular niches, may well seize the initiative in the market. In the past the strategies of the European car firms were primarily driven by the needs for greater scale of production; they will in future be much more market driven. Also, given the extent to which many people appear to be presold on their choice of car before they reach the dealer, manufacturers will have to find new ways of reaching these consumers. All kinds of direct selling, targeted mailing and so forth will be explored, and they will watch the success of innovative retailing concepts with great interest.

Automotive retailing was, until recently, the one area of the motor industry which had not really changed since the early days of the industry. However, small family-owned dealers have been steadily giving way to larger, publicly owned dealer groups. The most progressive of these groups have been developing a greater degree of professionalism in car retailing, recruiting better qualified staff and introducing practices from other areas of retailing.

Dealers are caught between the manufacturer's desire to maintain an exclusive franchise and to hold the whip hand over their dealers and their own desire to establish an identity of their own and become more equal partners in the selling process. To the extent that they can develop new ways of attracting the customer to visit their premises and new services they might offer him or her, then they may persuade the manufacturers to allow them to do so. Dealers are also looking over their shoulder at firms from other areas of retailing who may be considering entering the motor business. There is a realisation that the Asda experiment was closer to success than many thought. If anyone can demonstrate to the car producers that they can win greater market share for them, whatever the formula, then they will have no option but to agree to allow them to sell their cars.

The dealers are also clearly caught between the customers' desire for greater choice when visiting a dealership and the manufacturer's desire to keep an exclusive franchise. Whatever the outcome of these different pressures it is clear that the dealer is going to be in the front line in the 1990s. In 1995 the laws relating to the franchising system in Europe will be reviewed by the EEC. Few expect the situation to remain as it is. Those dealers that survive in the 1990s will be those prepared to look ahead, to anticipate these changes and to innovate. Those who simply rely on the profits being made today will not be so lucky in the future.

THE BRITISH CAR MARKET IN A EUROPEAN CONTEXT

- LEX SERVICE PLC

TABLE OF CONTENTS

	<u>Page Number</u>
<u>THE BRITISH CAR MARKET IN A EUROPEAN CONTEXT</u>	74
Figure 1 - New Car Registrations of Major European Countries	76
Figure 2 - National Income per capita	77
Figure 3 - New Car Sales per 1000 Population	78
Figure 4 - Percentage of UK Households Without Access to a Car/Owning Two+	79
Figure 5 - Household & Number of Cars in Use	80
Figure 6 - Private Cars per 1000 of Population (1982-1984)	81
Figure 7 - Private Cars per 1000 of Population	82
Figure 8 - Metres of Road per Car in 1986	83
Figure 9 - Length of Motorway Classified Road	84
Figure 10 - Car Taxation in Europe	85
Figure 11 - European Car Markets 1986 (Percentage of New Registrations)	86
Figure 12 - European Car Markets 1986 (Number of New Registrations)	87
Figure 13 - Comparative Number of Cars in Use 1987	88
Figure 14 - Scrap Rate Estimates	89
Figure 15 - MOT Failures: Number of Cars/Light Vehicles Failing the MOT Test 1977-87	90
Figure 16 - Road Traffic - Billion Vehicle Kilometres Travelled by Cars 1986	91
Figure 17 - European Market Shares	92
Figure 18 - Home Market Dependency 1988	93
Figure 19 - Japanese Share of Selected Markets	94
Figure 20 - 1988 UK Sales Ranking	95
Figure 21 - UK Market Segmentation	96

THE BRITISH CAR MARKET IN A EUROPEAN CONTEXT

By Chris Cowin and Adam Pharaoh, Lex Service PLC

In 1988 the United Kingdom new car market proved to be the third largest in Europe, with sales of around 2.215 million cars being valued at over £15 billion. The future direction and underlying trends of this market are hard to define precisely, but much can be learnt from reference to European parallels. Figure 1 shows how Britain's car sales have recently converged to match those of Italy and France, after fluctuations in the 1970's.

The relationship between new car sales and income per capita across the countries of Europe is illustrated by Figures 2 and 3. Affluence must indeed be a factor behind new car demand, though to explain the surge in UK car registrations of 1984-88 as purely a result of increasing disposable incomes is simplistic.

Other factors aside from income affect car demand, and will distort the recessionary impact on demand of any contraction in disposable income.

One such factor is the number of households in the UK. As Figure 4 shows, the level of penetration of cars into UK households has seen a steady, fairly stable increase since 1960, despite fluctuating economic fortunes, in tune with long-term trends in income and lifestyles. This phenomenon, when combined with projections for the growth in UK households (Fig 5) provides grounds for forecasting the long-term direction of the UK market in a favourable light irrespective of income projections.

Britain still possesses fewer cars per 1000 population than some of its West European neighbours, notably France, Italy and Germany as shown on Figure 6. Analysis of this statistic across nations, including the USA and Japan as on Figure 7, implies that factors beyond income and demography alone are operating to determine the density of car ownership.

The utility and affordability of a car can vary across national boundaries due to factors such as relative congestion, and the degree to which car ownership or purchase is taxed. Similar issues also play a part in determining the mix of sales in differing markets.

Britain, West Germany and Holland, for example, have congested roads by European standards, as evidenced by the metres of road per car in Figure 8. Britain's short motorway network, (Figure 9) may also be a factor in explaining why the car parc (total number of cars on the road of all ages), if not registrations, falls behind European neighbours.

Taxation regimes vary widely between European states, though the situation is likely to change after 1992. This again affects both the mix of cars in new car registrations, and the total number, an effect whose implications are equally true for Britain's large and near unique company car sector.

Figure 10 contrasts varying taxation rates on new car sales across Europe.

In Figure 11 and 12 the sharply contrasted difference in the importance of various segments of the car market across Europe are highlighted, a pattern influenced partly by taxation, partly by differing driving conditions, cultures and affluence.

As shown on Figure 1, the UK's level of new car registrations for 1988 was near identical to that of both France and Italy. The size of the car parc in these countries, however, is significantly ahead of the UK, as seen in Figure 13. Though, in the case of France, a higher level of registrations in the early 80's and 1970's may help explain this, another factor is the variation in scrappage rates between nations.

Figure 14 shows how the UK's scrappage rate has historically been ahead of both France and, more notably, Italy. One factor may be climate, another the stringency of road worthiness tests such as Britain's MOT, which as Figure 15 shows, incurs around 5 million failures, (about 25% of the car parc) at first attempt each year.

The differing car parcs of West European countries, and their varying sizes help explain the variations in total vehicle kilometres travelled annually, as shown in Figure 16.

Having mentioned the variations across Europe in the density of car ownership, in the popularity of various segments and the taxation on cars, mention should be made of the varying distribution of the principal suppliers to western Europe's 12 million strong car market.

Figure 17 shows the ranking of the principal suppliers to Europe in 1988, with the FIAT group vying with Volkswagen Group for market leadership.

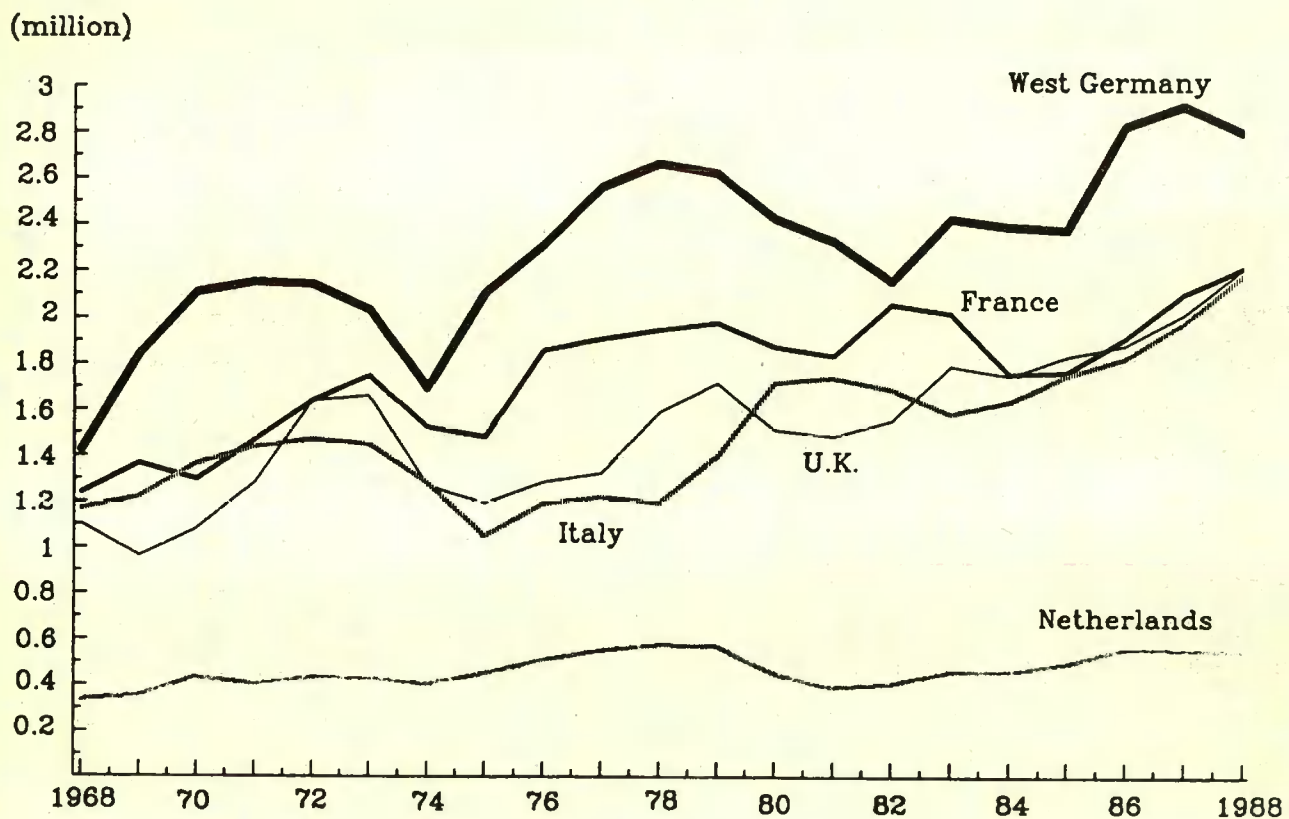
Substantial regional variations in performance persist, however, as shown by the home market dependency of the big 5 European owned manufacturers in Figure 18.

The Japanese, who overall take around 11% of the European market, exhibit widely differing market shares across markets, reflecting the differing nature of import restraints and market environments which remain prior to greater European harmonisation.

Figure 1

New Car Registrations of
Major European Countries

1968-1988



1988 USA registrations: 10.6 million
1988 Japan registrations: 3.61 million

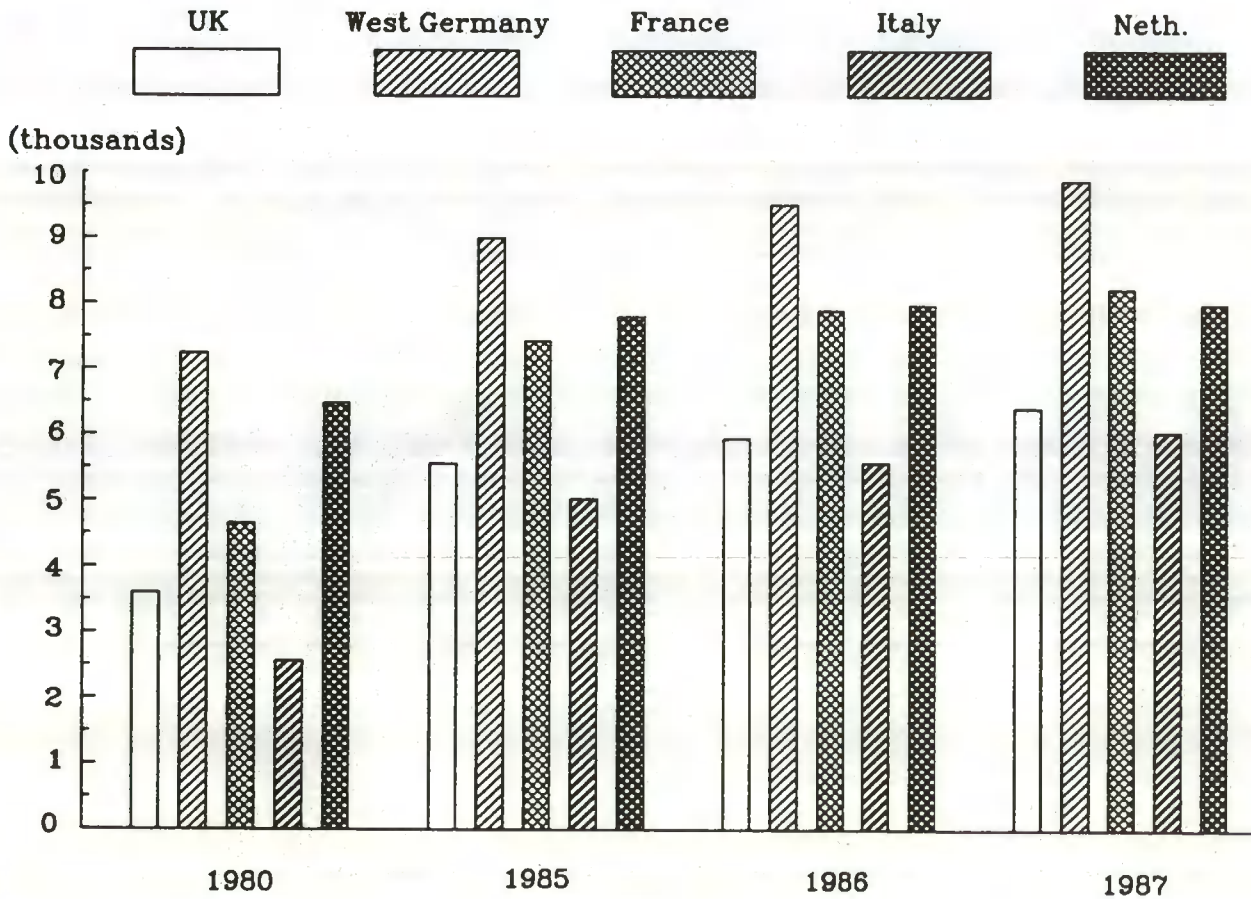
- West Germany remains largest car market in Europe
- France, Italy and the UK all achieved record sales in 1988, within a similar range around 2.2 million units
- West Germany and Holland experienced a market turndown in 1988

Source: SMMT
Lex Report on Motoring

Figure 2

National Income per Capita

£ values @ 1987 exchange rates

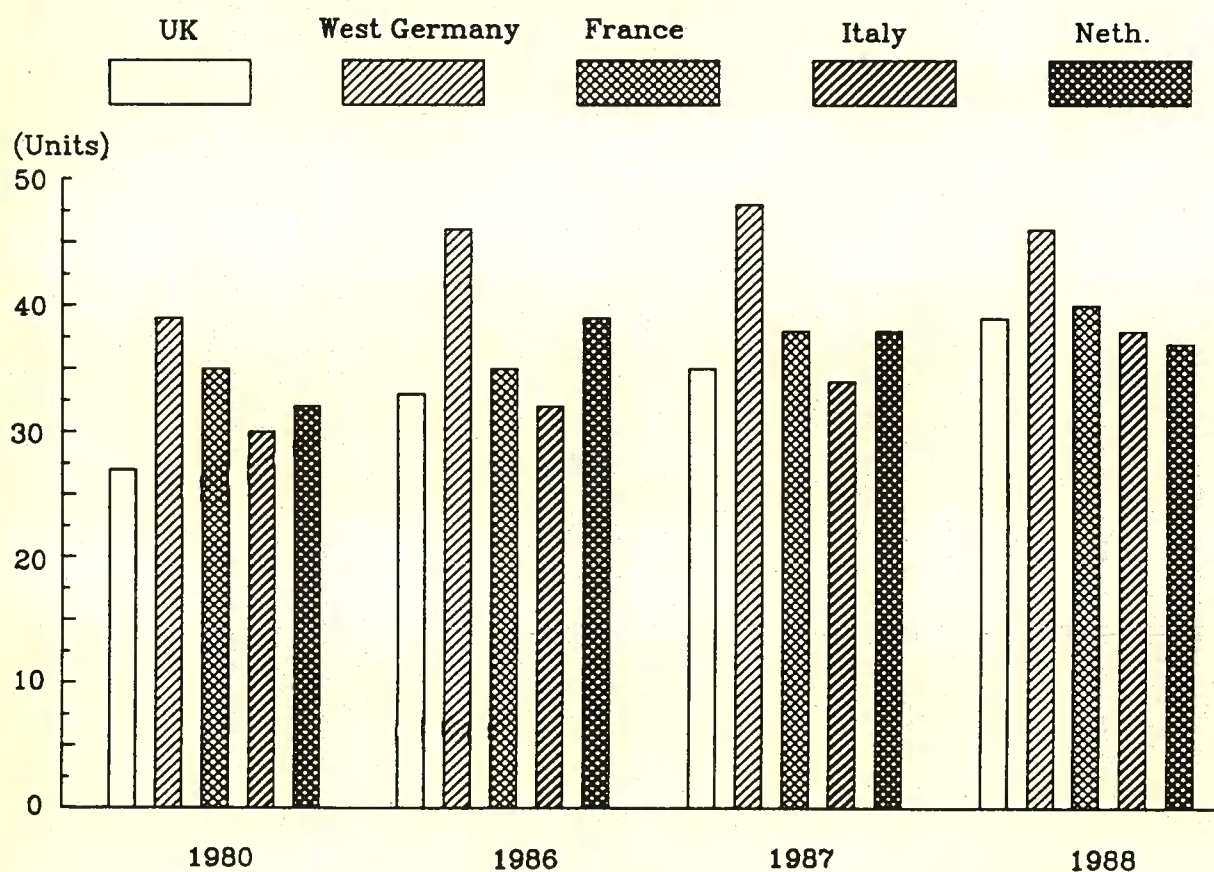


- France surpassed the Netherlands in income per capita in 1987
- Italy exhibited the fastest growth in income per capita during 1980-88
- West Germany maintains its lead over other major EEC economies in income per capita

Source: Economist
Lex Report on Motoring

Figure 3

New Car Sales per 1000 Population

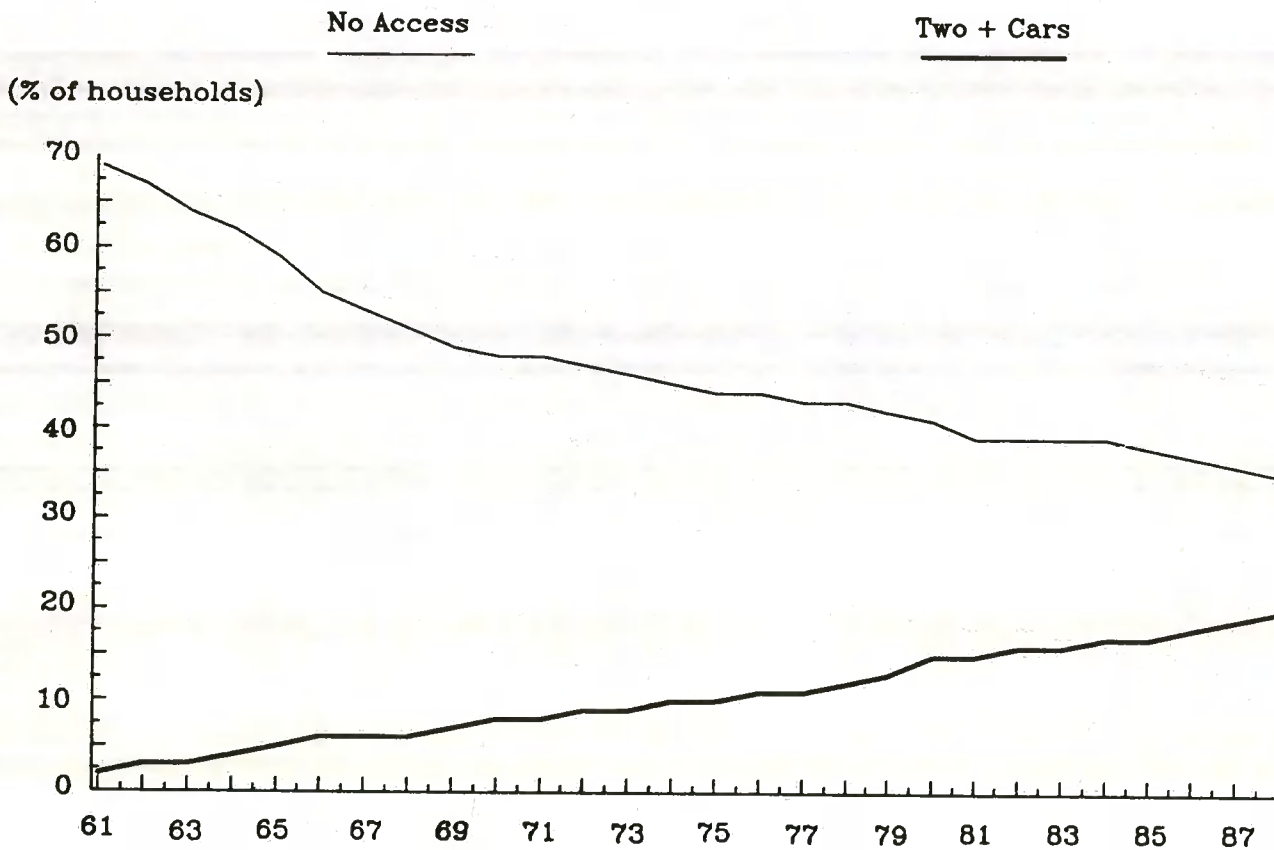


- The level of new car sales exhibits a close relationship to income per capita

Source: National Estimates
Lex Report on Motoring

Figure 4

Percentage of UK Households Without Access to a Car/Owning Two +



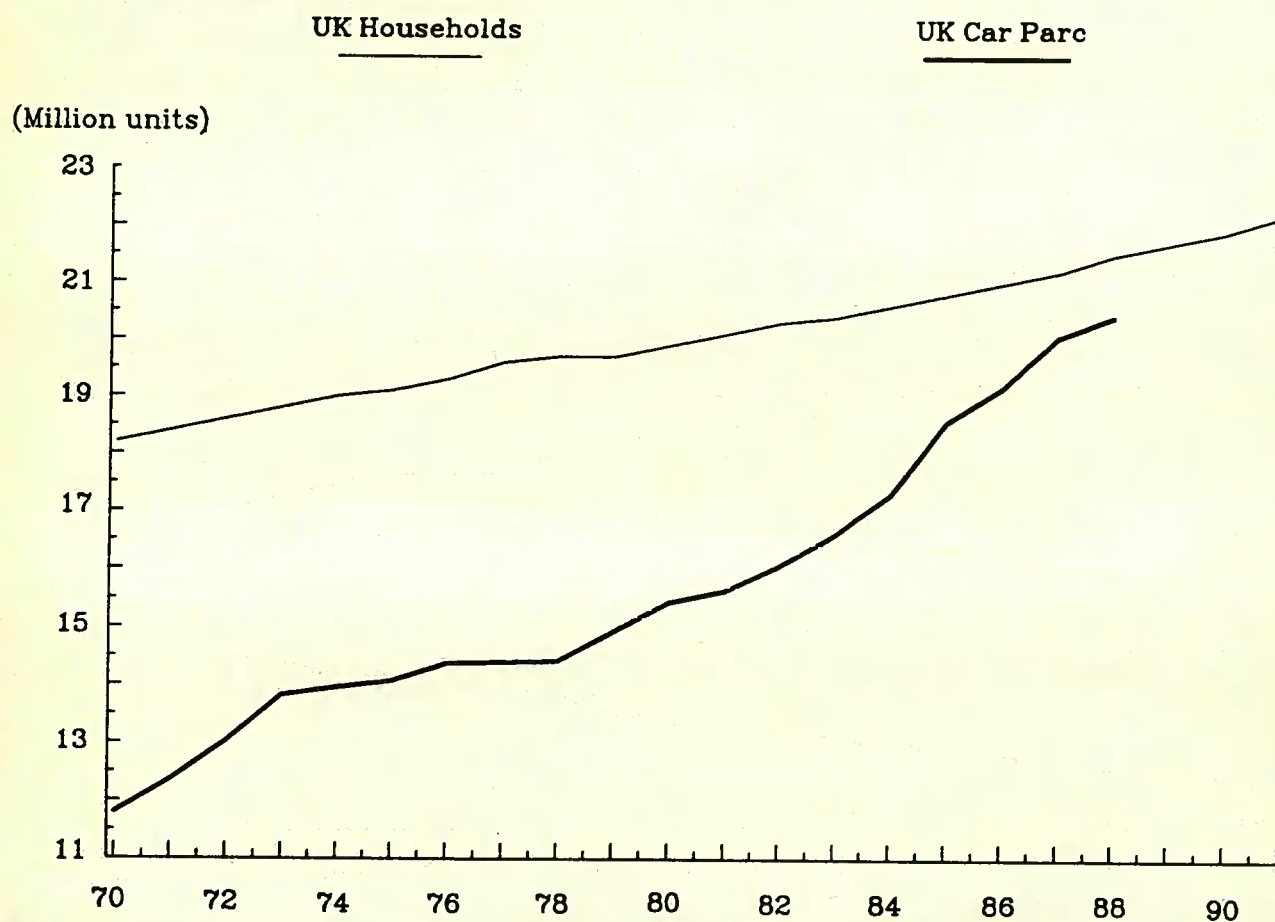
- The car, once a relative rarity, has become standard in the bulk of British households
- Households with 2 or more cars expanded from just 2% of the total in 1960 to 20% in 1988

Source: Dept of Transport
Lex Report on Motoring

Figure 5

Household & Number of Cars in Use

UK 1970-1991



- Forecast household growth implies continued expansion of the number of cars in use in the UK

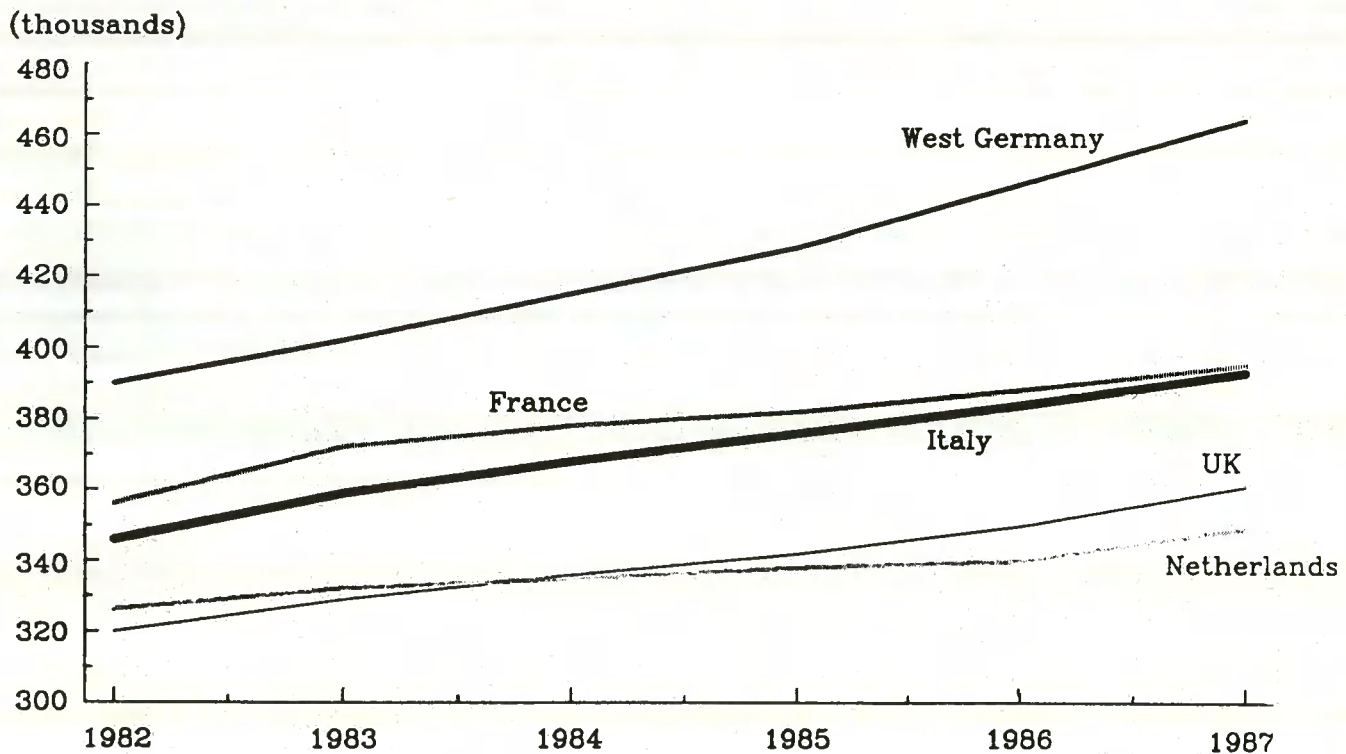
Source: Households - Bank of England and HMSO
No of cars in use - SMMT

Lex Report on Motoring

Figure 6

Private Cars per 1000 of Population

1982-1987

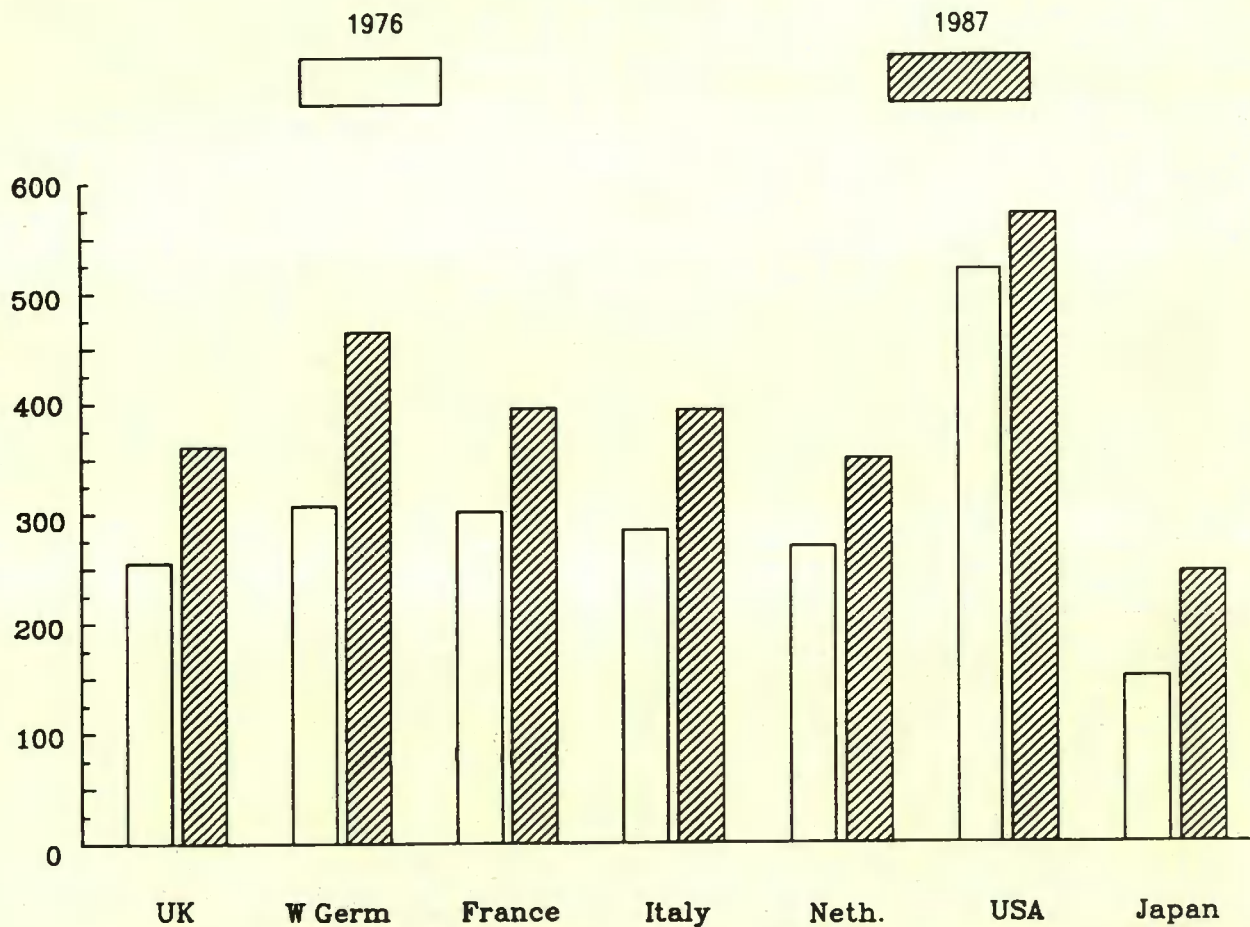


- West Germany has the highest density of cars, though has recently stagnated
- UK has recently exhibited a significant increase in car ownership, surpassing Holland, but remains behind Italy and France

Source: Lex estimates based on SMMT data and European
Economy population data
Lex Report on Motoring

Figure 7

Private Cars per 1000 of Population



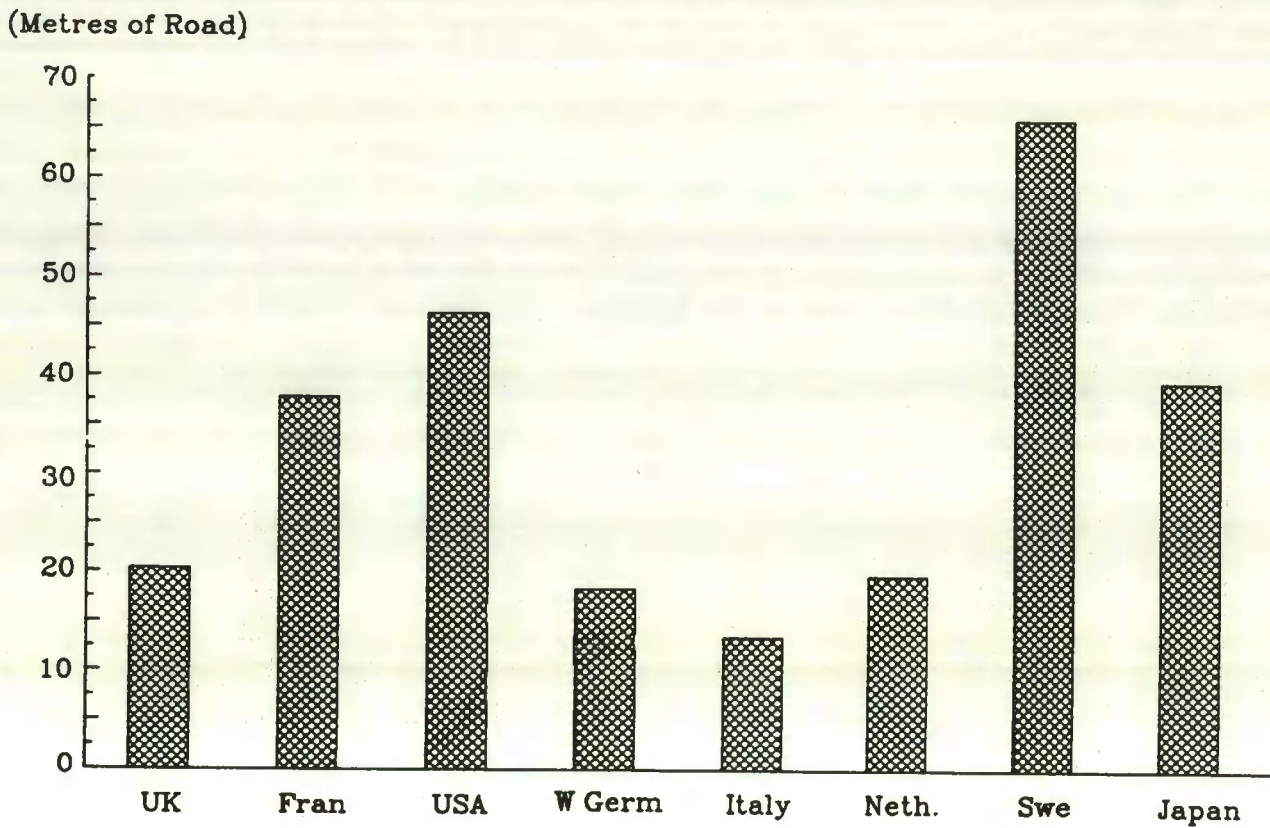
- Japan has a lower density of car ownership than other markets, despite higher total car sales
- US market exhibits greatest maturity, with limited increase in car penetration over 1976-1987

Source: National Data
Lex Report on Motoring

Figure 8

Metres of Road per Car in 1986

Length of Road (All Types) per Car



- There is more room on the roads for French and American motorists than in the UK, but Holland, Italy and Germany are similarly congested to Britain

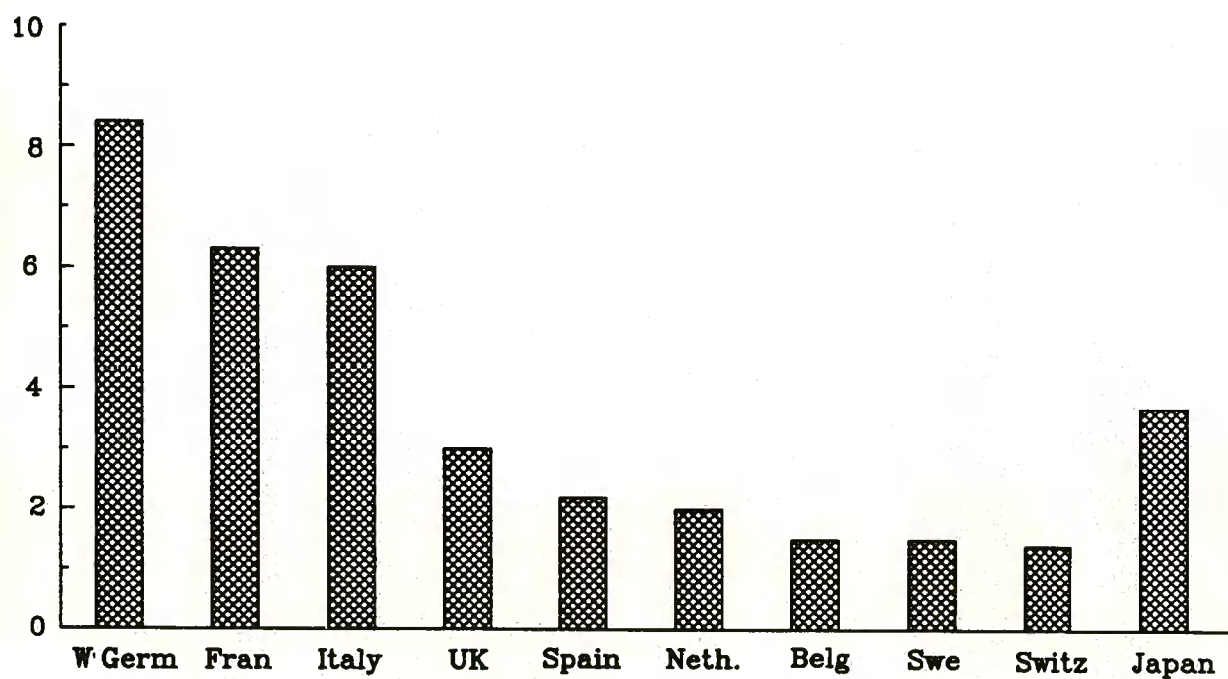
Source: Dept of Transport
Lex Report on Motoring

Figure 9

Length of Motorway Classified Road

Thousand Kilometres in 1986

(Motorway length)



- The UK has relatively few motorway kilometres, though they are of a higher standard than many Continental Motorways

Source: Dept of Transport
Lex Report on Motoring

Figure 10
Car Taxation In Europe

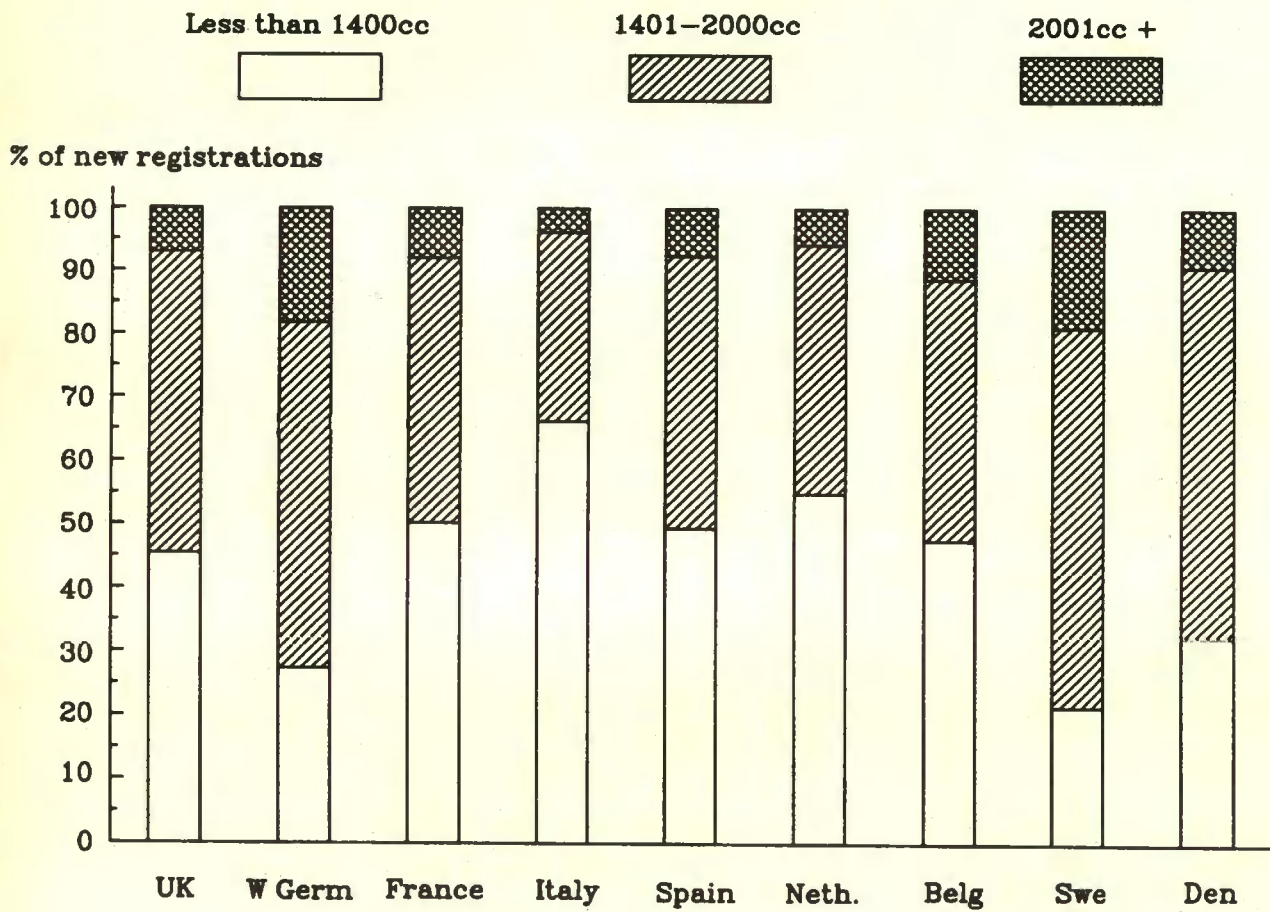
	<u>VAT on Cars</u>	<u>Additional purchase taxes on cars</u>
BELGIUM	25.0%	Luxury tax of 8 per cent on cars over 3000cc
FRANCE	28.0%	None
GERMANY	14.0%	None
ITALY	18.0% [38.0%]	None [[Increased VAT rate: Cars over 2000cc (2500cc diesel).]
LUXEMBOURG	12.0%	None
SPAIN	33.0%	None
IRELAND	23.0%	Excise tax of 21.7 per cent on cars up to and equal to 2000cc; 24.7 per cent on cars over 2000cc.
DENMARK	22.0%	Registration tax of 105 per cent on the first 19,750 D.Kr, 180 per cent on any amount above 19,750 D.Kr.
NETHERLANDS	20.0%	Excise tax of 17.3 per cent on the first 10,000 H.Fl; 25.9 on any amount above 10,000 H.Fl. The excise tax is reduced for purchasers of 'clean' cars.
UK	15.0%	Car tax of 10 per cent of wholesale value on all cars.
GREECE	6.0%	Special consumption tax - up to 200% in some cases.
PORTUGAL	17.0%	Various special consumption taxes - up to 142% in some cases.

Source: National Statistics and Embassy Information
Lex Report on Motoring

Figure 11

European Car Markets 1986

Engine Size Segmentation



- Germany and Sweden favour large cars more than other European markets
- Italy has a high percentage of cars of small capacity

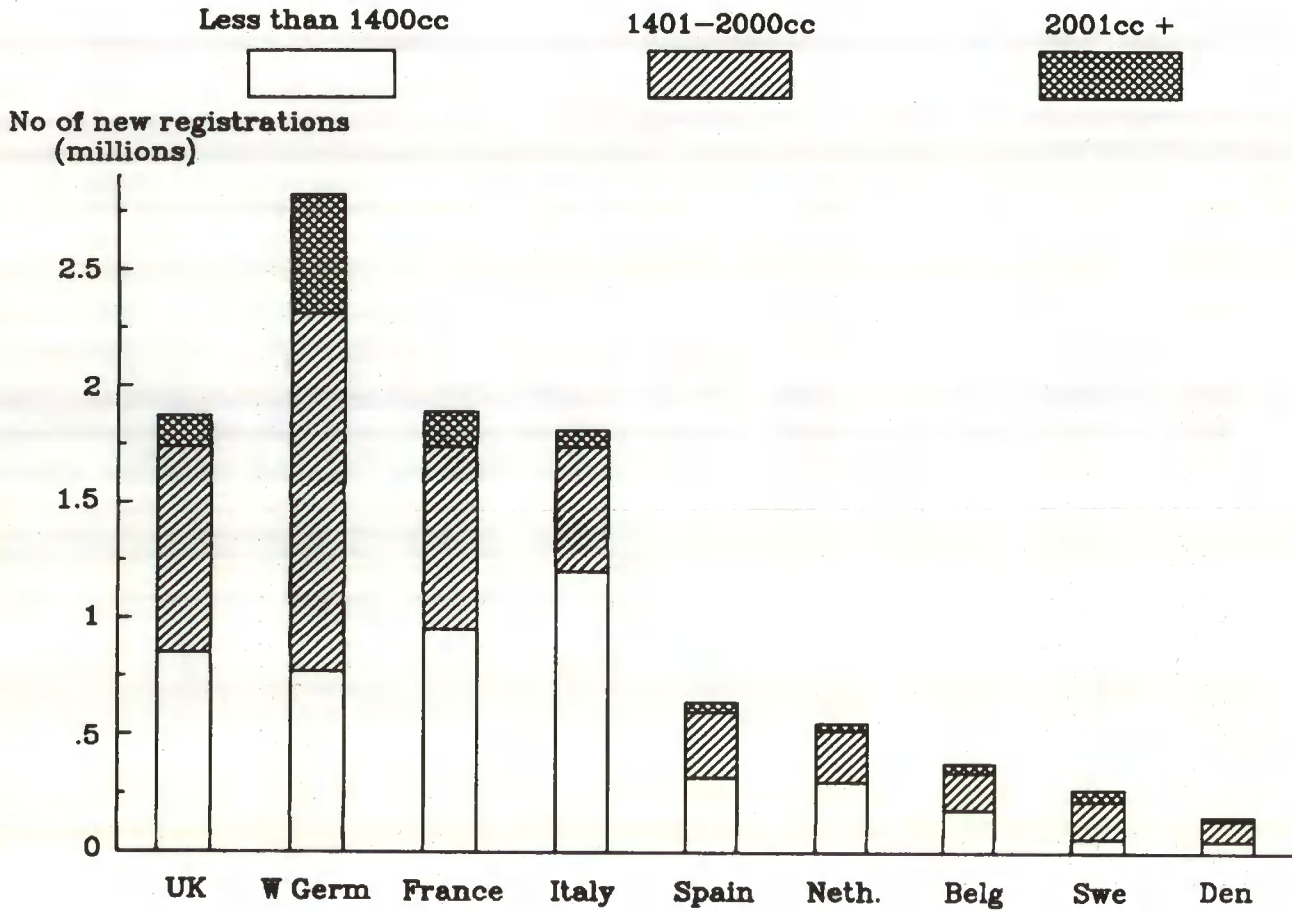
Source: A.I.D.

Lex Report on Motoring

Figure 12

European Car Markets 1986

Engine Size Segmentation



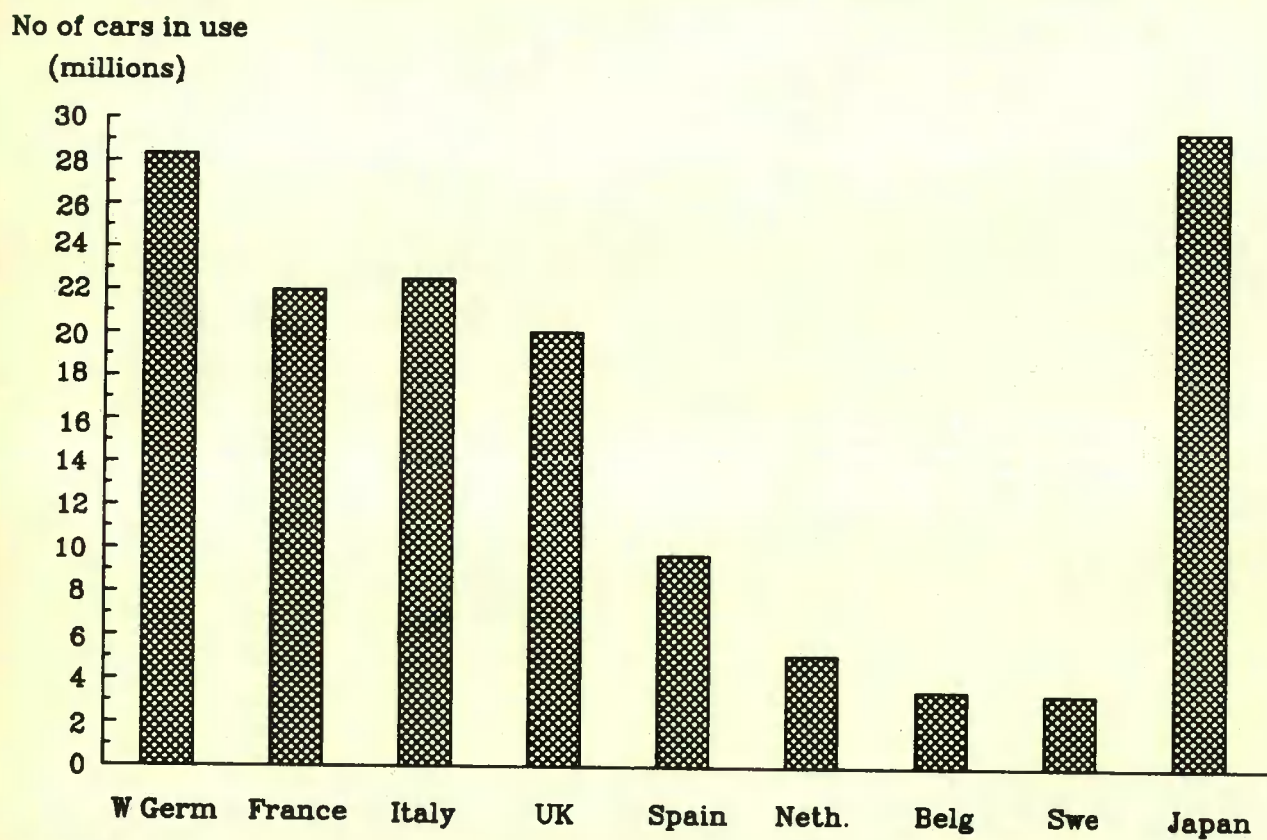
- The bulk of Europe's sales of cars of over 2 litres capacity, occur in West Germany

Source: A.I.D.

Lex Report on Motoring

Figure 13

Comparative Number of Cars in Use 1987



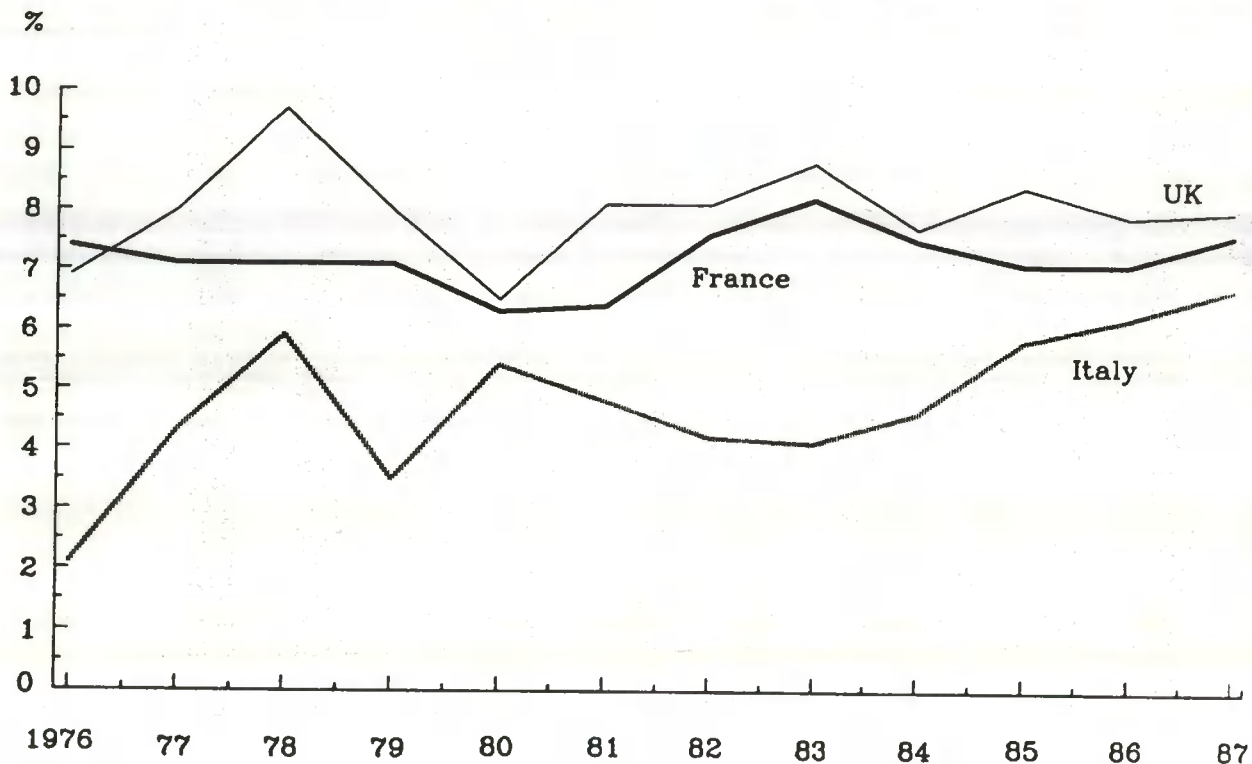
- The UK car parc remains smaller than that of Italy, France and Germany

Source: SMMT
Lex Report on Motoring

Figure 14

Scrap Rate Estimates

UK, France & Italy (1976-1987)

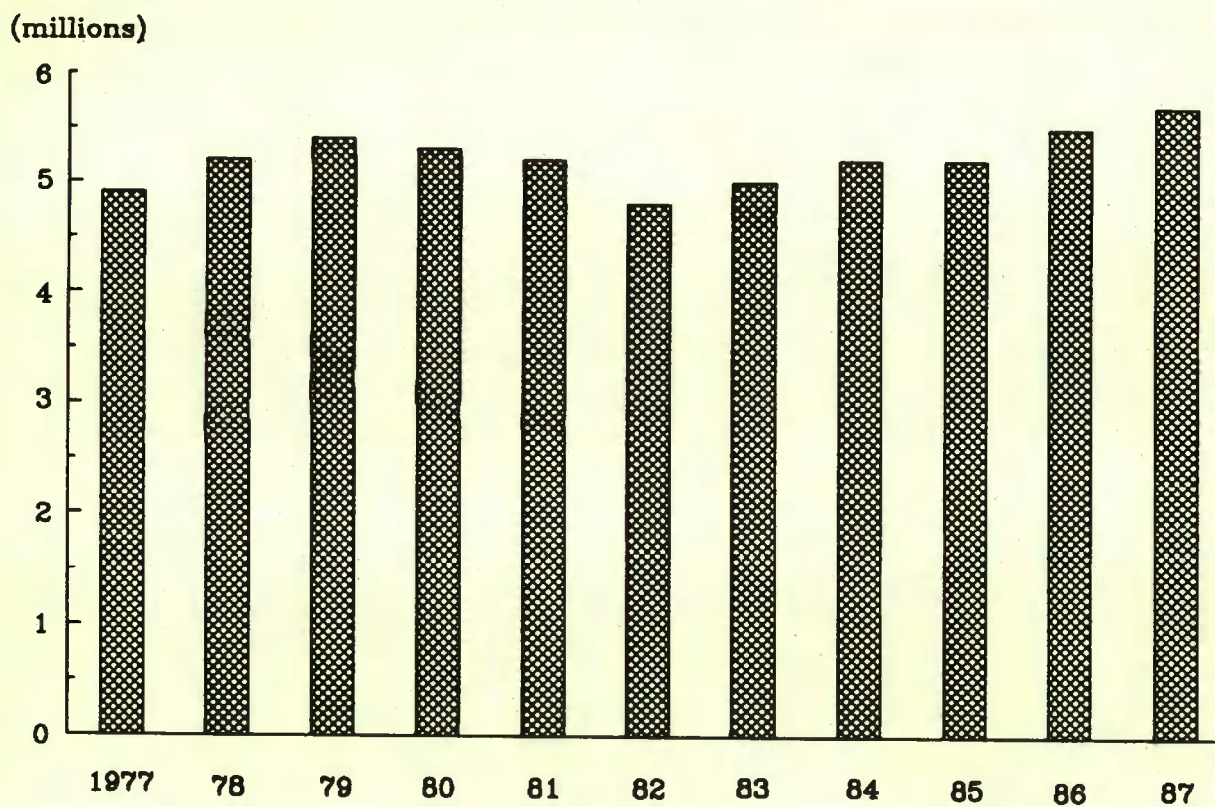


- Britain has higher scrap rates, in part a consequence of MOT testing
- Similar tests to be introduced in France in 1990 are likely to up the French scrap rate, and render 1.5 million cars unroadworthy in the first year
- Italy's rising trend in scrapping is thought to reflect rising prosperity

Source: Lex estimates
Lex Report on Motoring

Figure 15

MOT Failures: Number of Cars/Light Vehicles Failing the MOT Test 1977-87



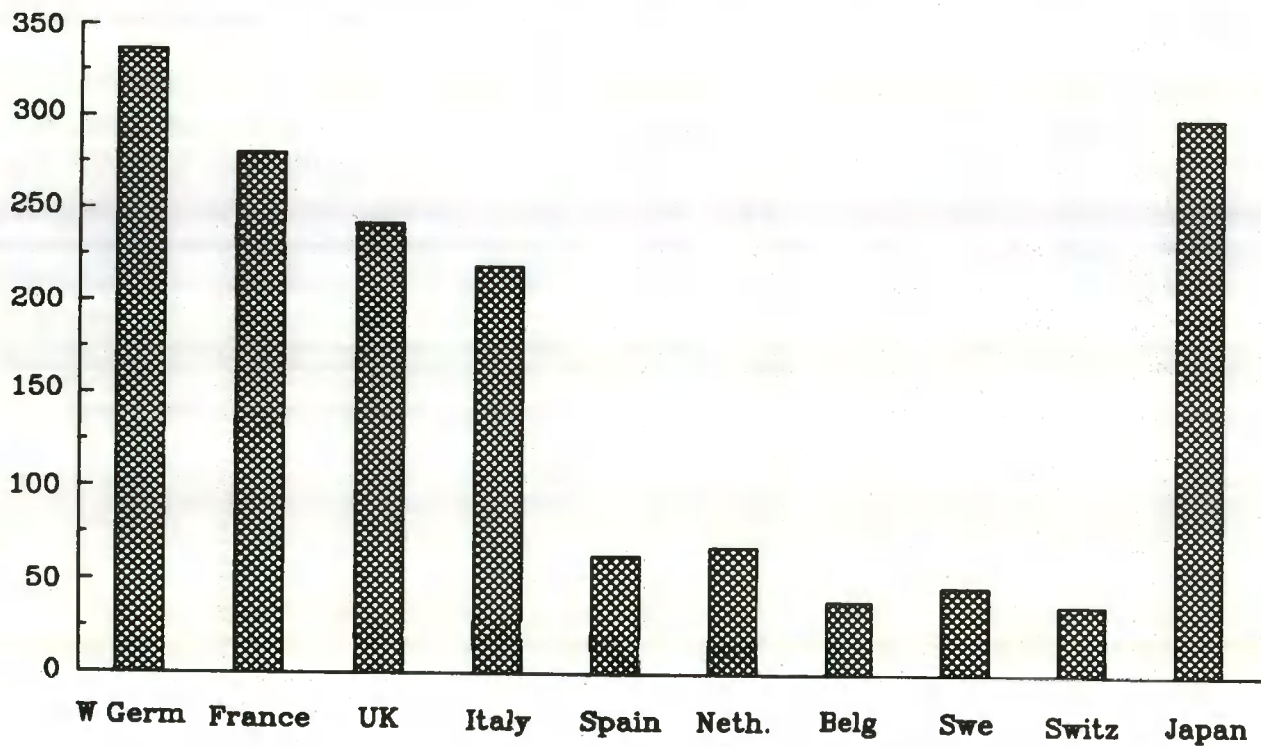
- The increase in the annual number of MOT failures reflects the increasing car parc
- Many of these will pass on a second or third attempt

Source: Dept of Transport
Lex Report on Motoring

Figure 16

Road Traffic - Billion Vehicle Kilometres Travelled by Cars 1986

(Billion
vehicle kilometres)



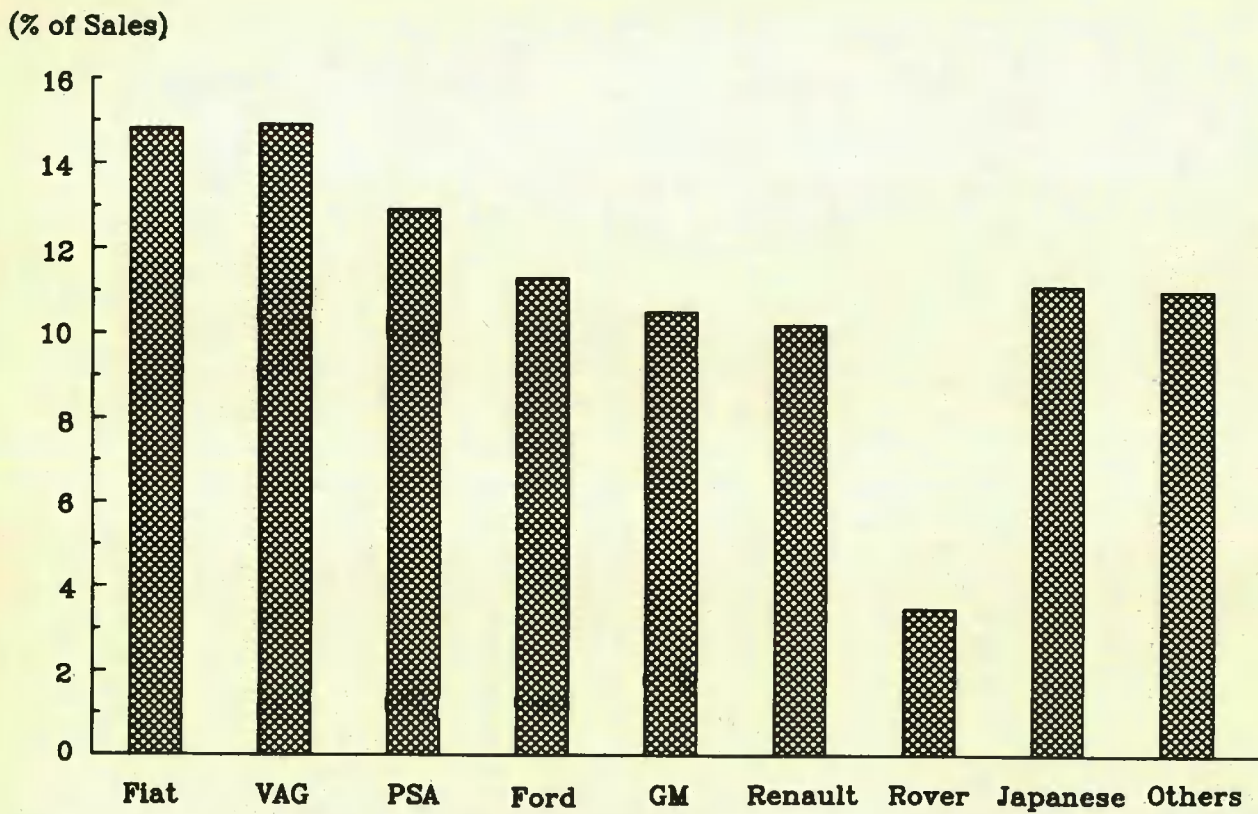
- The larger car parc of Germany, and greater geographical size of France, help explain their high level of total distance travelled annually compared to the UK

Source: Dept of Transport
Lex Report on Motoring

Figure 17

European Market Shares

% of EEC Sales by Brand 1988



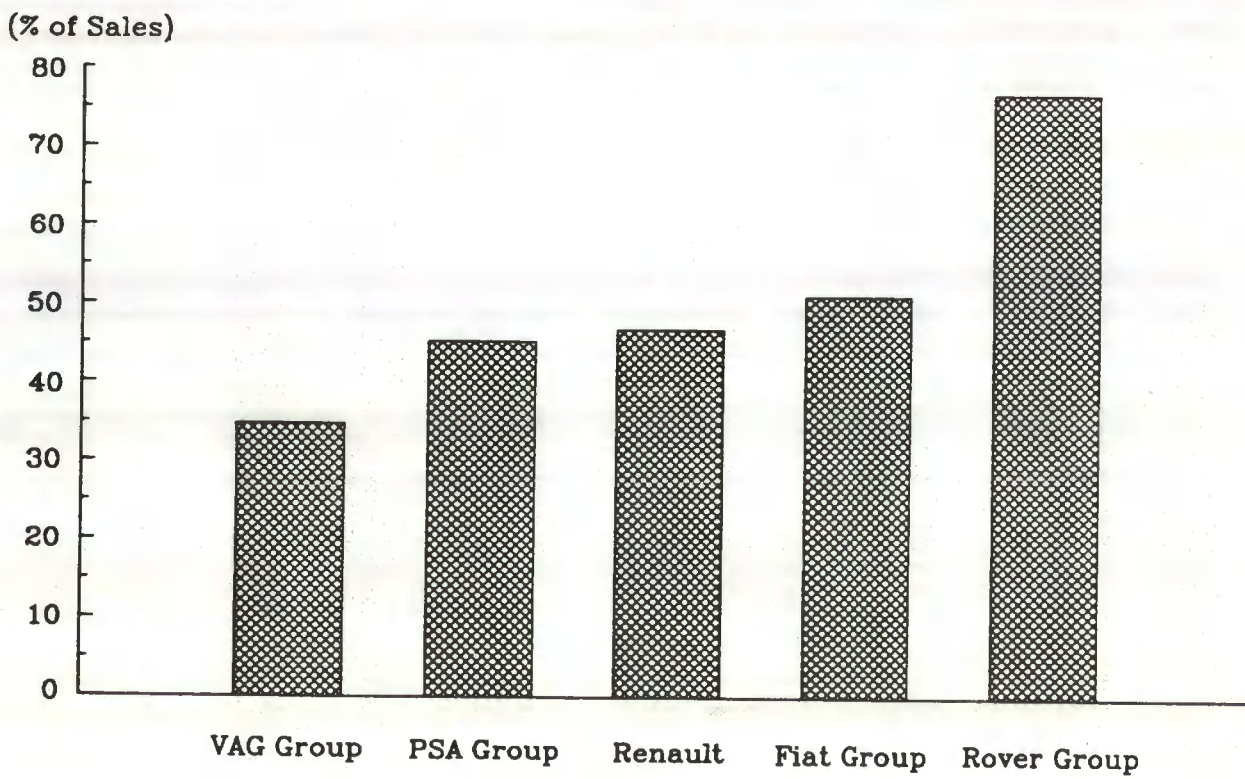
- Six manufacturers account for 74% of EEC car sales

Source: Industry data
Lex Report on Motoring

Figure 18

Home Market Dependency 1988

% of Total EEC Sales in Home Market



— Europe's indigenous manufacturers remain reliant on their home markets though they are all working to reduce this dependency

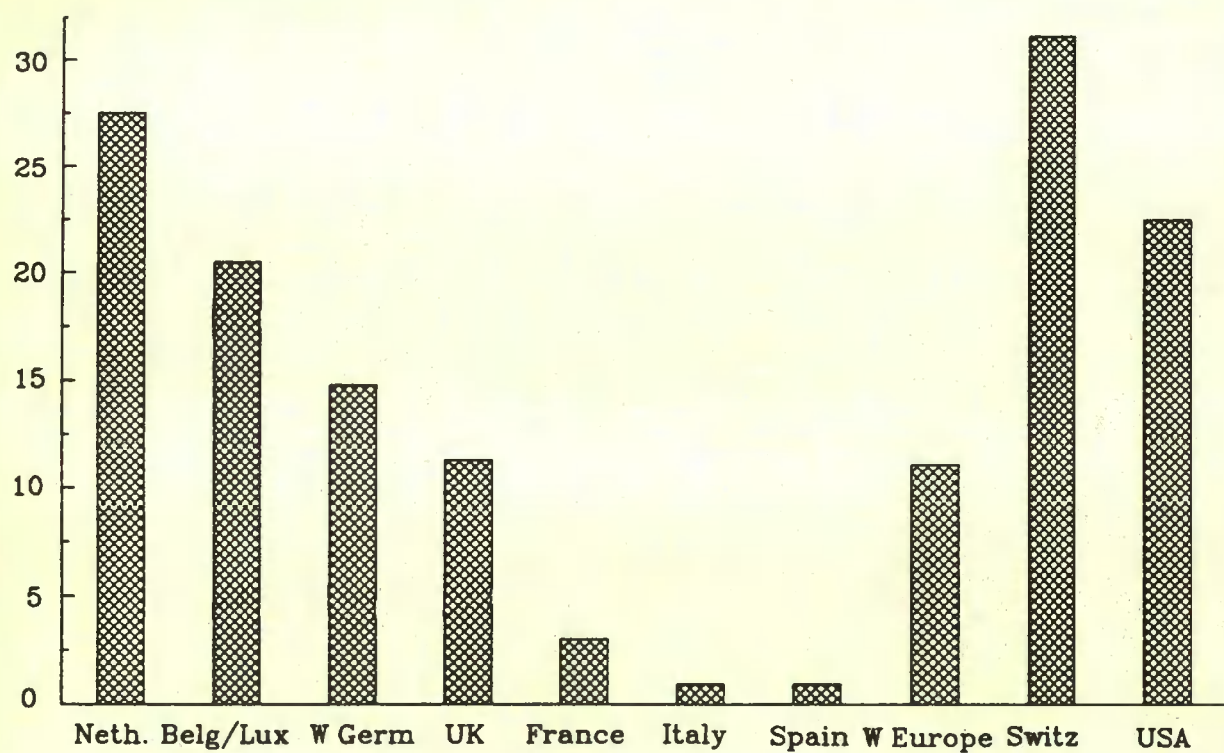
Source: Industry Data
Lex Report on Motoring

Figure 19

Japanese Share of Selected Markets

1988 (includes local assembly)

Japanese
% of Sales



- Japan is limited by tariffs and restraints in most of Europe's car producing nations, but not West Germany. In Britain the quota limit is 11%, in France 3% and in Italy, 3,000 per year.

Source: Industry Data
Lex Report on Motoring

Figure 20
1988 UK Sales Ranking

	<u>MAKE</u>	<u>UNIT MODEL</u>	<u>SALES</u>	<u>PERCENTAGE OF UK SALES</u>
1.	FORD	Escort	172,706	7.80
2.	FORD	Sierra	162,684	7.34
3.	FORD	Fiesta	144,991	6.54
4.	ROVER	Metro	116,811	5.27
5.	VAUXHALL	Astra	98,086	4.43
6.	VAUXHALL	Cavalier	96,462	4.35
7.	FORD	Orion	67,713	3.06
8.	ROVER	Montego	63,649	2.87
9.	ROVER	R 200	58,890	2.66
10.	VAUXHALL	Nova	56,937	2.57
11.	PEUGEOT	205	54,147	2.44
12.	NISSAN	Micra	52,191	2.36
13.	VW	Golf	51,400	2.32
14.	ROVER	Maestro	43,982	1.99
15.	VOLVO	300	43,529	1.96
16.	NISSAN	Bluebird	41,729	1.88
17.	FIAT	Uno	40,712	1.84
18.	PEUGEOT	309	36,900	1.67
19.	CITROEN	BX	36,210	1.63
20.	FORD	Granada	35,524	1.60

Source: SMMT

Lex Report On Motoring

Figure 21
Market Segmentation - UK 1984 - 88

	% OF UK SALES				
	<u>1984</u>	<u>1985</u>	<u>1986</u>	<u>1987</u>	<u>1988</u>
SMALL CARS ie. Metro	32.1	31.8	32.3	30.9	31.3
LOWER MEDIUM CARS ie. Escort	31.3	30.6	30.9	31.8	30.65
UPPER MEDIUM CARS ie. Cavalier	20.0	20.7	19.4	19.3	20.22
LARGE/SPECIALIST CARS ie. Volvo 700/480	16.6	16.9	17.4	18.0	17.83

Source: Volvo Concessionaires
Lex Report on Motoring



LEX SERVICE PLC

Lex Service PLC is a public company, incorporated in 1928, and quoted on the London Stock Exchange. Annual sales approach £2 billion, placing it in the top 100 UK quoted companies, ranked by sales.

Automotive

Lex owns Volvo Concessionaires, which has been the sole importer of Volvo cars and car parts into the UK, since 1958. Volvo registered over 80,000 cars in the UK in 1988, giving a market share of 3.6%, the largest market for Volvo cars outside the US. Volvo Concessionaires operates through 300 Volvo dealers throughout the country, which, with the exception of the 11 Lex Brooklands dealerships, are all owned and managed independently.

Lex Service is the leading retailer of passenger cars, vans and trucks in the UK, with over 60 outlets representing nearly 20 franchises. In addition, Lex has a joint venture car retailing operation in the US.

Lex's Retail Group trades as

- Lex Brooklands, the largest Volvo dealer group
- Lex Mead, one of the leading Austin Rover groups, also selling Jaguar and Rolls-Royce cars
- Shaw & Kilburn and SMT, the largest Vauxhall dealer group, which also sell Citroen and Audi Volkswagen cars
- Gilbert Rice (Ford)
- Dan Perkins - a leading Nissan group
- Campbell in the US, with Audi, Ford, Mazda, Nissan, Porsche and Volkswagen

Lex Retail Group is investing £20 million a year to improve the facilities and services which it offers its customers and to ensure that the customer shopping experience is not only the best in the motor industry but also matches the developments in retailing in the UK.

Lex's commercial vehicle businesses represent Leyland DAF, ERF and Iveco Ford trucks.

Lex Vehicle Leasing provides full service contract hire for passenger cars and light vans. It is the largest specialist contract hire company in the UK with a fleet of over 44,000 vehicles representing most makes of cars and vans. This company is jointly owned by Lex and Lombard North Central, the finance subsidiary of National Westminster Bank. Lex and Lombard also jointly own Transfleet and Harvey Plant which provide contract hire of commercial vehicles and fork trucks.

Electronics

Lex is also a leading distributor of electronic components and computer products, operating in the US, UK, Germany, France and Taiwan, representing 80 manufacturers of semiconductors, passive components and computer products. Total sales are nearly £500 million a year.

Enquiries: David Leibling, Lex Service PLC, 01 723 1212

January 1989