

Glossary

In this report the expressions and abbreviations listed have the meanings given below: in other contexts they may have different meanings.

AA	Automobile Association.
ACEA	Association des Constructeurs Européens d'Automobiles.
Appropriation	A term used in the Car Tax regulations. Commonly, the stage in the retailing process at which the dealer contracts to sell a new car to an end-user, or buys it for his own purposes, so terminating the sale or return agreement with the supplier and becoming liable for payment of Car Tax on the car.
Arbitrage	The action (if a principal) of purchasing a new car at an advantageous price in one EC market in order to use it privately in another EC market, in preference to paying the higher price for that car in that market; or (if an intermediary) of purchasing a new car as an authorised agent in one EC market for sale to and use by the authorising principal in another EC market. See parallel importing and intermediary .
ATK	See Kearney, A T .
Basic price	See list price .
BCG	Boston Consulting Group, an independent firm of management consultants.
BEUC	Bureau Européen des Unions des Consommateurs, a body representing consumer organisations in the EC.
Block exemption	The provisions of EC Regulation 123/85 which permit, <i>inter alia</i> , selective and exclusive distribution of new cars .
BMC	British Motor Corporation.
Brand	See marque .
Broker	An agent acting for a person who wishes to buy a new car at a discount in the United Kingdom. See intermediary .
CA	Consumers' Association.
CAA	Cedric Ashley Associates, an independent firm of consultants.
Car	See motor car .
Car licence	See vehicle licence .
Car parc	The total number of cars in a defined area, eg a state, at any one time.
Car registration	See vehicle registration .

Car Tax	A tax (10 per cent at the time of this report) levied in the United Kingdom at the time of the sale (or import by a person for his own use) on the manufacturer's (net of tax) price of a new car that is chargeable under the Car Tax Act 1983 and regulations made under it (see Appendix 4.5). See Appropriation .
CBS	Cardiff Business School.
Commercial vehicle	A non-military motor vehicle with three or more road wheels, other than a motor car .
Company car	A car provided by an employer for a director or employee who may use it for business but who has the benefit of private use of it: see perk car and tool of the trade car .
Continental EC	The EC member states other than the United Kingdom and the Republic of Ireland.
Dealer	A sole trader, partnership or company engaged in retailing new cars under a dealer agreement . See franchised dealer .
Dealer agreement	A contract between a supplier of new cars and a dealer which governs the terms of supply and related matters. The expression extends to all the documents that bear on the relationships between the two parties, eg the sale or return agreement , and to policy statements.
Dealer group	Two or more dealerships under the same ownership.
Dealership	The business covered by a dealer agreement .
DGFT	Director General of Fair Trading.
Delivery charge, supplier's	A charge paid by a dealer to a supplier for the transportation of a new car from the supplier's factory or depot to the site of the dealership .
Delivery charge, dealer's	A charge paid by the final purchaser of a new car to a dealer ; it includes the supplier's delivery charge , costs incurred in swaps , the cost of number plates, and a profit margin; it may include the vehicle excise duty . See on-the-road charges .
Discount, dealer's	A reduction on the list price granted to the purchaser by the dealer .
Discount, supplier's	The difference between the price paid by the dealer to the supplier and the list price (net of tax), usually called the dealer's margin .
DTI	Department of Trade and Industry.
DTp	Department of Transport.
DVLA	The Driver and Vehicle Licensing Agency of DTp . On behalf of the Secretary of State for Transport it maintains a register of motor vehicles in Great Britain; licenses the use of those vehicles; registers and licenses persons authorised to drive those vehicles; and conducts related business.
EC Commission EC Regulation 123/85	The Commission of the European Communities. See block exemption .
EFTA	European Free Trade Area.

ERM	The Exchange Rate Mechanism of the European Monetary System.
Exclusive distribution	A regime under which a supplier agrees to supply new cars exclusively to one dealer in a territory , but reserves the right to supply other dealers in that territory at a later date.
Financial benefits	Inducements (financed by suppliers) offered by dealers to prospective purchasers of new cars , eg free or low-interest loans, free membership of a motoring organisation, or free or low-cost insurance.
Fleet	Defined by DVLA and many suppliers as 25 or more cars registered as being used by a single company or an individual; some suppliers have other definitions.
Franchise	The contractual right granted by a supplier to a dealer to sell the supplier's cars or services in a defined territory ; also the business relating to that franchise .
Franchised dealer	See dealer .
Import duty	The charge (10 per cent at the time of this report) levied under the EC common external tariff on cars imported into the United Kingdom, from non-EC and non- EFTA sources.
In-car entertainment	Car radios, radio/cassette and CD players, with the associated speakers.
Inter-brand competition	Competition between suppliers or dealers in selling different marques of new car .
Intra-brand competition	Competition between dealers in selling the same marque of new car .
Intermediary	A person acting as the authorised agent of the purchaser of a new car for the purpose of parallel importing .
JAMA	Japan Association of Automobile Manufacturers.
Kearney, A T	A T Kearney Ltd, an independent firm of management consultants.
LAL	Ludvigsen Associates Ltd, an independent firm of car industry consultants.
LHD	See RHD/LHD .
List price	The price set and quoted by the supplier of a new car , often called the recommended retail price (RRP) . It includes VAT , Car Tax and import duty (if appropriate) but excludes the dealer's delivery charge and vehicle excise duty . See basic price .
Major suppliers	The 17 suppliers of new cars in the United Kingdom each of which had more than 1 per cent of the United Kingdom new car market in 1990.
Make	The name of the manufacturer of a car .
Margin, dealer's	The difference between the price paid by the dealer to the supplier and the list price (net of tax). See dealer's discounts .

Margin, dealer's departmental	The (eg new car) departmental profit (after deduction of all direct costs related to that department but before deduction of indirect costs and unallocated overheads) expressed as a percentage of the department's turnover.
Margin, dealer's gross	The difference between the sale value of a new car and its cost to the dealer , expressed as a percentage of the sale value.
Margin, dealer's net	The net profit before interest and tax for the whole dealership , expressed as a percentage of its turnover.
Market, new car	The total number of new cars registered in a year in a defined area, usually a state.
Marque	The name of the brand of a car . For some manufacturers this is the same as the make , but others produce cars of more than one marque , eg Ford (Jaguar) and Rolls Royce (Bentley).
Model range, model, model variant, variation	Progressively more detailed definitions of a type of car. Taking a red Ford Escort 1.3L 3-door as an illustration: Escort is the model range; 1.3L is the model; 3-door is the model variant; and the colour red would be a variation.
Motor cars	Our terms of reference (see Appendix 2.1) define 'motor cars' as 'passenger cars intended for use on public roads and having three or more road wheels'; for administrative convenience we adopted the slightly narrower definition: 'vehicles subject to Car Tax '. This excludes a few specialist vehicles (see Appendix 4.5, paragraph 3).
MVI	Motor Vehicle Imports Ltd, formerly Satra (GB) Ltd.
National sales company	An independent company, or the division or subsidiary or associate of a manufacturer, which distributes that manufacturer's cars to dealers in a national territory. In the United Kingdom all suppliers except NMUK are national sales companies.
NCC	National Consumer Council.
New car	A car not yet registered; more loosely, a car that has been registered but is perceived as new in the everyday sense.
NMUK	Nissan Motor Manufacturing (UK) Ltd, of Sunderland.
Non-private car	A car bought by someone other than a private buyer .
Non-private, non-fleet car	A non-private car that does not form part of a fleet .
On-the-road charges	Charges met by the purchaser of a new car additional to the purchase price of the car itself; commonly includes the dealer's delivery charges , the vehicle excise duty , and petrol.
Option	A choice of equipment or finish, eg colour, offered to the purchaser by the supplier which does not incur extra cost.
Optional extra	An item of equipment or finish which incurs extra cost. An item that is an optional extra for a less costly model may be included as standard in the more expensive models in that model range . See specification .

Parallel importing	A practice governed by the Notice to EC Regulation 123/85 , under which a person from EC member state A may ask a dealer in member state B to supply him with a car for use in member state A at the (implicitly advantageous) price of a 'comparable' car in member state B. 'Comparable' is also defined in the Notice. See arbitrage .
Perk car	A company car of which substantial private use is made. See company car .
PPI	Producer Price Index.
Private buyer	A person who buys a new car entirely at his own expense and wholly for private use.
PSA	Peugeot SA, the holding company of Automobiles Peugeot and Automobiles Citroën.
RAC	Royal Automobile Club.
RHD/LHD	Right-hand drive/left-hand drive: the side of the car on which the steering wheel is located, looking forward from the driving seat.
RMIF	Retail Motor Industry Federation (formerly the Motor Agents' Association).
RPI	Retail Price Index.
RPM	Resale price maintenance.
RRP	Recommended retail price. See list price .
Sale or return agreement	An agreement, ancillary to a dealer agreement , under which ownership of a new car held in stock by a dealer remains with the supplier until the dealer appropriates that car , eg when he contracts to sell it to an end-user or buys it for his own purposes. Because, in general, a dealer does not own the new cars that he holds in stock this greatly facilitates the exchange of cars (swaps) between dealers (of the same franchise) to meet customer demands. See appropriation and swaps .
SED	Selective and exclusive distribution.
Segment	Classification of cars by size or type. There is no standard classification used by the car industry as a whole but the LAL Report used the (widely-adopted) DRI segmentation: utility; small; lower medium; upper medium; large and luxury/sports. In our report (see paragraphs 4.14 and 4.17) we have used a slight variation, grouping the utility cars with the luxury sports segment.
Selective distribution	A regime under which a supplier selects the dealers to which it will supply new cars , and prohibits them from reselling to persons other than end-users or other approved resellers.
Series trim adjustments	Adjustments made to the trim level of model variants usually at the commencement of a new model year.
SMTA	Scottish Motor Trade Association.

SMMT	Society of Motor Manufacturers and Traders.
Specification	A comprehensive itemised technical definition of a car .
Specification cost	The cost of a specification item that could be added to a model variant .
Supplier	A manufacturer or importer of new cars supplying the United Kingdom market.
Swaps	Exchange of cars between dealers: see sale or return agreement .
Territory	The geographical area within which a dealer is selected to operate by a supplier .
Tool of the trade car	A company car used primarily, but not exclusively, for business purposes. See company car .
Transaction price	The price paid by the purchaser of a new car inclusive of tax and net of discount . It does not normally include on-the-road charges .
Trim	Minor specification items of a decorative nature, or relating to comfort or convenience.
Type approval	The (national) regulatory regime that governs the standards of the car manufacturing process and the integrity of the physical structure of a car and its components.
VAG (UK)	VAG (United Kingdom) Ltd, a subsidiary of Lonrho plc, which distributes Volkswagen and Audi cars in the United Kingdom.
VAT	Value Added Tax (17.5 per cent in the United Kingdom at the time of this report).
VCA	Vehicle Certification Agency of DTP , responsible for the administration of the type approval and other regulations.
Vehicle excise duty	The annual vehicle licence fee, currently £100 for a car .
Vehicle licence	A car that is registered in Great Britain must have a valid vehicle licence if it is on the public highway, whether it is used or not.
Vehicle Register	The register of motor vehicles in Great Britain maintained by DVLA .
VERs	Voluntary export restraints: a regime of constraints on the import of Japanese cars and commercial vehicles into the United Kingdom and other countries.
Volkswagen	Volkswagen AG, of Wolfsburg, the manufacturer of Volkswagen and Audi cars . See VAG (UK) .
Warranty/extended warranty	A contractual undertaking, given at the time of sale by a supplier to the purchaser of a new car , that if certain faults develop in the car during a defined period they will be rectified free of charge subject to certain conditions. An extended warranty offers similar assurance over a further period, but is conveyed by an insurance company at a charge to the buyer of the car .