

Market surveys

1. A number of surveys of different sectors supplying the replacement car parts market were undertaken by or for the MMC in the course of the car parts inquiry. The information from these surveys was used in estimating the size of the market for replacement car parts and in analysing the structure and operation of the market as set out in Chapter 3. Brief details of each of the surveys and how the information obtained from the surveys was used to estimate the replacement car parts market in the United Kingdom are given below.

Surveys used in estimating the size of the market

Car manufacturers/importers

2. A parts questionnaire was completed by 34 United Kingdom car manufacturers and United Kingdom distributors of imported cars giving information on their sales of replacement car parts and other information relating to the sourcing and sales of their parts. The total value of replacement car parts sales in the United Kingdom by these car suppliers was £1,391 million in 1989.

United Kingdom car component manufacturers and suppliers/importers of foreign components

3. Eighty-two United Kingdom car component manufacturers and suppliers/importers of foreign components completed an MMC questionnaire giving details of their United Kingdom sales of replacement car parts to different customer sectors and other information about their production and distribution of car parts. The total value of sales of replacement car parts in the United Kingdom by these 82 companies in 1989, excluding sales to car suppliers and other component suppliers, was £810 million. A further group of 262 car component manufacturers and suppliers which either did not respond to the survey or were not covered by the survey on the grounds of their size were estimated by the MMC to have combined United Kingdom sales of replacement car parts of £201 million in 1989. Putting these two groups of component manufacturers together gives combined United Kingdom sales of replacement car parts with an estimated value of £1,011 million in 1989. Sales of companies dealing with products such as accessories and car care products or parts for commercial vehicles not covered by the terms of reference have been excluded from the estimate.

Number plate suppliers

4. Questionnaires were completed by ten number plate manufacturers or number plate suppliers giving details of their total sales of number plates by customer sector and details of their agreements with individual vehicle suppliers to supply number plates. The total value of United Kingdom sales of number plates by these companies in 1989, excluding sales to car suppliers (which are included in car suppliers' sales), was £6 million.

Motor factors

5. Questionnaires were completed by 75 United Kingdom motor factors out of 227 to whom a questionnaire was sent. A further 24 questionnaires were returned incomplete in the case of companies which were no longer operating or were not involved in car parts. Those motor factors which responded to the survey are estimated to account for at least 60 per cent of the United Kingdom sales by motor factors of

car parts. These motor factors imported replacement car parts with an estimated United Kingdom wholesale value of £76 million. The MMC estimated that non-respondents accounted for imports to a value of £51 million giving a total of imports by motor factors with a value of £127 million.

Other surveys

Survey of franchised dealers

6. A telephone survey of a sample of 512 franchised dealers, including dealers for over 30 United Kingdom and foreign car manufacturers, was undertaken for the MMC by Research International and Research by Telephone Ltd between 5 and 13 December 1990. A random sample of 2,500 dealerships from lists covering 7,700 addresses supplied by manufacturers was split into eight groups determined by numbers of cars sold, and supplying manufacturer's share of the United Kingdom market. Quotas were set for the number of interviews required in each group, in proportion to that group's share of total new car sales. Quotas in all eight groups were achieved, providing 500 interviews. There were in addition 12 pilot survey interviews which were included in the final results. The results are referred to at relevant points in Chapter 3.

Price survey

7. A survey of car parts prices and margins for franchised dealers and parts retailers was undertaken for the MMC by Taylor Nelson Business Services. A questionnaire was sent in April 1991 to a random sample of 400 franchised dealers taken from car suppliers' lists, 400 non-franchised garages (who were members of the RMIF) and 50 independent retailers of car parts asking for information on their current purchasing prices and prices to retail customers for ten car parts (the brands mainly stocked) for each of ten high-selling car models in 1989. The year was chosen to ensure that a sufficient market for replacement parts for the car models covered had developed. In the case of the franchised and non-franchised garages the selling prices to retail customers were for both parts fitted in the workshop and those sold over the counter. The ten parts selected (all regarded as competitive parts) were as follows:

- Oil filter
- Air filter
- Spark plug
- Front brake pads
- Rear brake shoes
- Clutch 3 in 1 kit
- Rear shock absorber
- Water pump
- Complete exhaust system
- Alternator

The ten car models chosen were as follows:

Ford	Fiesta 1.1
	Escort 1.3
	Sierra 1.6
Vauxhall	Nova 1.2
	Astra 1.3
	Cavalier 1.6
Rover	Metro 1.0
	Rover 213
VAG	Golf GTi
Nissan	Micra 1.0

8. Completed questionnaires were subsequently received from 212 franchised dealers (53 per cent response) and 30 of the independent retailers (60 per cent response). Only six non-franchised garages

responded and as a result this part of the survey was abandoned. Some non-franchised garages indicated that it was very difficult for them to extract this information. The breakdown of the franchised dealer respondents by the car manufacturer with which they held a franchise was as follows:

Number of dealer respondents

Ford	49
Vauxhall	48
Rover	47
Nissan	44
VW Audi	<u>24</u>
Total	<u>212</u>

9. The results of this survey are referred to in paragraphs 3.87 to 3.96.