Brand positioning in the remarket automotive industry

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ABSTRACT

The South African motor industry is currently at the height of competitiveness, whether referring to new or pre-owned vehicles. The sale of new vehicles is at an all time high, and this phenomenon flows through to the remarket sector in the industry. The prices of new vehicles increased by very small margins over the past few years, and in some instances it has decreased. This leads to even more intense competition in the remarket sector, because consumers would rather purchase a new vehicle, than paying a very similar price for the exact pre-owned model. This study was conducted to determine on which factors a remarket dealership should focus in order to remain successful in the current fierce competitive market conditions. A literature study forms part of this study. Questionnaires were used as the measuring instrument and also filled out by 140 participants in an attempt to determine which factors the consumer considers as important when purchasing a pre-owned vehicle. Data analysis was done by means of a factor analysis, and the data reliability verified by means of determining Cronbach’s Alpha coefficient. A total of seven factors were identified of which “Value for money” and “Reassurance” was the most important ones. Cumulatively the factors explained 61% of the variance.
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CHAPTER 1

INTRODUCTION

1.1 INTRODUCTION

The South African automotive sector consists of several local and global manufacturers that sell their products nationally through a well-established dealership network.

A secondary, but very important business activity of the vehicle manufacturers in South Africa is an extensive remarket network for pre-owned vehicles. These vehicles are ex-rental units as well as company fleet demonstration models. The criterion for a remarket vehicle is to a large extent dependant on the vehicle policy of the respective manufacturers. These units need to be disposed of in a similar way that new vehicles are sold through the dealership network.

Currently, the most known remarket brands in South Africa are: Quality Approved (Ford Motor Company), Automark (Toyota), Valid Value (Nissan) and Mastercars (Volkswagen SA). All of these brands compete in the national market for a market share in the remarket sector. Nationally, the remarket brands have suffered a decline in sales because of the pricing strategy employed in the marketing of new vehicles. Small or no increases, and in some cases even decreases, manifested in the market for new vehicles over the period of the last three years (Anon, 2007a).

This phenomenon makes it difficult for the remarket sector to remain profitable. The residual value of pre-owned vehicles decreases significantly, leading to poor trade prices. In some instances, the new models are cheaper than the pre-
owned ones, which drive the customer base towards new vehicles. As a result, research was performed by a local manufacturer to determine the three manufacturer-based determinants and influences that play a vital role in the success of the business (Blaikie, 2002). These key determinants are:

- **Brand image:**
  This is primarily determined by outstanding advertising and public relations that back up a sound product in the market. The customer also wants to hear market truths.

- **Dealer support and retailing practices:**
  Currently, retailing practices of the dealers pertain mostly to discounting on new vehicles. This makes it more difficult for the dealers with pre-owned vehicles to remain competitive. It was established that price is still one of the biggest motivators of new vehicles sales, impacting directly on pre-owned vehicle sales.

- **Product and dealer support training:**
  The better the quality of the core product, the better the resale value will be. Dealers with better training and expertise in the sector of service support, also uphold the resale value.

Brand repositioning is identified as an important factor in the recovery of the lost market share in the remarket sector. The revitalisation of the brand, focusing on value for money and exceptional quality products, is an option that is considered to improve the profitability of all remarket brands on a national level.

The remarket brands need to be repositioned and rebuilt according to certain specifications and market needs. The Remarket Department of Ford Motor Company of Southern Africa serves as a good example. They are currently busy with a training program for dealers, focusing on the improvement of point-of-sale material and merchandising. These factors are contributing to the improvement of the brand image on a practical level.
The research study focuses on successful brand positioning in the automotive remarket sector. A market segment is analysed in order to make relevant recommendations for the improvement of its business objectives.

1.2 PROBLEM STATEMENT

The market for pre-owned vehicles is currently under tremendous strain, because of exponential growth in the new vehicle market. High sales volumes lead to small increases in new unit prices, and in some cases new unit prices decreased. The sales of new vehicles in South Africa for 2006 amounted to approximately 700,000 units. In 2006, the vehicle sales for January to March amounted to 155,164 units, whilst in 2007 this figure is 162,637 (Anon, 2007b), indicating a steady increase in sales. These factors make it difficult for the remarket segment to remain competitive; in some instances, it makes more financial sense to buy a new vehicle than a pre-owned vehicle, because the pricing is very similar. Therefore, an aggressive marketing strategy is required in order to revive the profitability of the remarket business segment.

Remarket brands need their brand positioning to be reviewed and the strength of the brands to be reinforced in the marketplace. Currently, the pre-owned market does not have a reputation of quality and reliability. Branding does not receive high priority in this segment, which leads to a generic perspective of pre-owned vehicles in general as poor quality vehicles with hidden accident damage or mechanical problems. The integrity of this market segment is often questioned. The strength of the brand, and more specifically, what the brand represents, needs to be accentuated. Positioning the brand should entail focusing on factors that reinforce the perception of what the brand represents.
1.3 RESEARCH PROPOSITIONS

The following hypotheses are formulated:

\[ P_0: \]

Success in the automotive remarket consists of a number of factors that can be identified.

\[ P_1: \]

Brand positioning forms the most important part of success in the automotive remarket.

1.4 RESEARCH METHODOLOGY

The research consisted of qualitative and quantitative research.

Qualitative research has been conducted by means of discussions with a number of focus groups. The objective of the discussions was to identify factors of importance within the automotive remarket. The focus groups consisted of eleven remarket brand dealers, mostly dealer principals or sales managers, nationally.

Following the focus group discussions, an open-ended questionnaire was distributed to all the participants in order to capture their views regarding the success factors in the automotive remarket. Eleven dealer principals and sales managers, nationally, completed the preliminary questionnaire. This part of the research study was performed during November 2006, and played an important role in the identification of the criteria that were used to construct the measuring instrument.
Using the gathered information collected from the discussion groups and the feedback from the dealers, a structured questionnaire was drafted. The questionnaire consists of the identified factors and specific criteria to further evaluate each factor. A 5-point Likert scale was used to capture the views of the respondents.

Cronbach's Alpha was calculated to ensure validity and internal stability, where after the data was subjected to a principal factor analysis. A total of 140 questionnaires were completed in order to obtain data.
The sample population consisted of the potential customer base, including current vehicle owners and general public eligible to purchase vehicles.

Quantitative research was done by processing and analysing literature studies and statistics. This information was analysed to use as supportive data for the structure of the research project.

1.5 DEMARCATION OF STUDY

Chapter 1 consists of the introduction, the problem statement and the research propositions formulated for the research project. This chapter elaborates on the research methodology and introduces the reader to dynamics of the automotive remarket sector by means of an overview thereof.

Chapter 2 presents the literature review and the empirical research. The results of the research project are presented and discussed. As a result, the chapter sets the table for conclusions and recommendations to be drawn from the research. This is done in chapter 3.

After a number of conclusions and recommendations, the final chapter reports on the acceptance or rejection of the research propositions, highlights a problem encountered during the research and then concludes the research by means of a summary. Additional material relevant to the research, such as the measuring instrument, is attached as appendices at the end of the research report.

1.6 SUMMARY

Chapter 1 serves as an introduction to the research project, to put the reader in the picture of the problematics of the automotive sector and to specify the focus of the research. The next chapter, namely chapter 2, forms the core of the research. It provides the literature review as well as the empirical research.
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CHAPTER 2

LITERATURE REVIEW & EMPIRICAL RESEARCH

2.1 INTRODUCTION

The South African automotive remarket sector is currently under strain with regard to growth and sales (Richards, 2006). Currently, the most known remarket brands in South Africa are: Quality Approved (Ford Motor Company), Automark (Toyota), Valid Value (Nissan) and Mastercars (Volkswagen SA). All of these brands compete in the national market for a market share in the remarket sector. The rapid expansion of sales in the new vehicle sector has left the remarket sector with ample supply, but competitive pricing lacks due to small increases or even decreases in the prices of new vehicles over the past three years (Anon, 2007b). It is important for dealerships in the remarket sector to determine which factors are worth focusing on, in an attempt to increase sales and general growth of their business.

A preliminary study that was done amongst large remarket dealerships indicates that several factors can be listed as important in the improvement of sales figures (Blaikie, 2002). These factors are listed as follow:

- Price;
- Quality;
- Brand;
- Reputation of the dealership;
- Value for money; and
- Reassurance with regard to warranty.
This chapter consists of a literature study while the results of the empirical research are also presented subsequently. The purpose of the research is to determine which factors are of importance to the customer when purchasing a vehicle in the remarket sector, in order to increase sales and growth.

2.2 LITERATURE REVIEW

A literature study has been conducted to determine which factors are regarded as important in the remarket sector. The literature review focuses on the successful brand positioning in the automotive remarket sector, including all factors of importance for increased sales and growth. The remarket segment is analysed in order to make relevant recommendations for the improvement of its business objectives.

The literature supports the findings from the analytical research using factor analysis to determine which factors are, in fact, important for the improvement of remarket business objectives.

2.2.1 THE NATURE OF THE MOTOR INDUSTRY IN SOUTH AFRICA

South Africa's motor sector consists of several local manufacturers and importers. Local manufacturers include Ford Motor Company of Southern Africa, Toyota, Volkswagen, Nissan, Daimler-Chrysler and BMW. Importers are Peugeot, Tata, Chana, Kia and Hyundai amongst others (Anon, 2007c). The parties in the sector sell their brand franchises to various groups. These groups include McCarthy Holdings, Unitrans Group and Consolidated Motor Holdings. Dealerships under these franchises are only maintained if they comply with a certain standard of quality and service. General customer satisfaction is measured by the Customer Satisfaction Index (CSI) scores. Sales figures are continuously increasing, which requires these measurements to be in place in order to exercise control over the general service performance in the sector.
Sales figures are anticipated to climb to a million unit sales per annum within the next five years (Berndt & Herbst, 2005). This is an indicator of the potential growth of the remarket sector in South Africa, since all new vehicles end up in the remarket sector at some time.

However, currently the climate is less than desirable for any dealership selling pre-owned vehicles. New vehicles show small or no price increases, and in some cases even decreases in price. This makes it very difficult for these dealerships to remain profitable business entities. The imported vehicles prove to be continuously more competitive due to a favourable exchange rate, making it even more difficult to sell other imported or locally manufactured brands as new vehicles (Richards, 2006). This also serves as an indication of how difficult it is to sell these vehicles in the remarket sector. It is, however, very important for local manufacturers to retain their market share because of the government’s incentivised Motor Industry Development Program (MIDP). Dealerships and local manufacturers lose business to these cheap imports, and manufacturers go to the extreme to supply the new vehicle market with a constant stream of new and improved models to satisfy market needs. This proves to be an increasingly difficult task than ever before. The cheaper imports, although not always of exceptional quality, feature with accessories and optional extras that are in demand by a specific segment of the current market. This makes it very difficult for local manufacturers to remain competitive, especially in some market segments where price sensitivity is of a higher order.

Dealerships in the remarket sector needs to reposition and focus their business objectives on relevant and important factors in order to remain profitable and competitive in the current economic climate.
2.2.2 FACTORS OF IMPORTANCE IN THE REMARKET SECTOR

- **Price**
  Cheaper imported brands are likely to compete on a price level. Manufacturers are going all out to bring a constant flow of new models to the market. Such models are characterized by higher levels of technology and equipment at the same or a lower price than the preceding model. Neal Bruton, a veteran analyst in the South African car sector, believes that marketers should not compete on a basis of price alone (Richards, 2006). This is a short-term solution, which could easily be matched by competitors. This reduces the margin and erodes the pre-owned vehicles’ values. It is important to shorten the period that vehicles spend in a dealership’s inventory (Banks, 2007b). The image of the brand is also undermined as the estimation with which the brand is held by current and potential owners, deteriorates and damages the brand in the long run. Bruton suggests that brand owners should rather promote customer loyalty, top-class after-sales service, the availability of effective diagnostics and repair capabilities, as well as reasonably priced spares through a well-developed dealer network (Richards, 2006).

- **Value for money**
  Customers expect value for money, especially when they purchase a vehicle. A vehicle usually has a high capital layout. It is therefore essential for dealers to apply the principle of value pricing. This entails offering just the right combination of quality and service at a fair price (Kotler & Armstrong, 2006). This is a very important factor in the success of the remarket sector.

Stanley Anderson, head of marketing of Hyundai Automotive South Africa, states that key market drivers are affordability and quality (Richards, 2006). John Oxley, head of *Media.12 wheels*, says buyers are definitely focusing
more on their options of choice since vehicles' prices have come down. Brand Pretorius, CEO of McCarthy Limited, emphasizes the fact that the market is more competitive than ever in its current state (Richards, 2006). He admits that he misread the market when stating that the cheap imported brands will not make a big impact, but envisions that the local manufacturers will significantly fight back to regain their territory, offering consumers more value. He suggests that even though the pre-owned market had a huge loss in sales because of reduced new vehicle prices, the trend will once again swing in the favour of pre-owned vehicles. The reason for this is the huge drop in trade-in values in the pre-owned sector because of the reduced new vehicle prices. This will eventually lead to the prices of pre-owned vehicles coming down, which will offer the buyer of a pre-owned vehicle good value for money. According to Roux from Merrill Lynch, new vehicle sales are the current driving force of the retail sector, but the importance of pre-owned vehicles has increased significantly to dealers (Richards, 2006).

Wise, a branding consultant from Landor Associates (Karolefski, 2003), states that the number one attribute when buying a vehicle is still appearance or style. In support, the former CEO of American Motors, Gerald Meyers, indicates that appearance is not as important as the "statement the vehicle makes" (Karolefski, 2003). The current South African market has proven in recent years that steadily increasing affordability is eroding brand loyalty (Richards, 2006).

• Quality
The consumer expects a quality product when paying an acceptable market price for a specific product. The quality of a product can be classified as the ability of a product to perform its functions; it includes the product's overall durability, reliability, precision, ease of operation and repair, and other valued attributes (Kotler & Armstrong, 2006). Research
has shown that perceived quality has a significant effect on perceived value in the motor sector of South Africa (Terblanche, 2006). Product value is enhanced by marketing communications that promote quality. The South African consumer wants to know that he is getting a good quality product when purchasing a vehicle. The remarket sector draws significant attention when it comes to quality, since the products on offer are pre-owned. A warranty is not always a standard item when a vehicle is sold. This increases the risk of purchasing a pre-owned vehicle with quality defects. It is therefore important for the customer to be assured of the quality of the vehicle that is about to be purchased. Quality is associated more with certain brands than others. Dealerships should offer products that are of acceptable quality for the functions and attributes associated with a specific vehicle.

Warranties are considered important when a pre-owned vehicle is purchased because it gives the consumer extended re-assurance in case the product does not deliver on the promises made by the manufacturer or dealership. A good example of a manufacturer taking this seriously is General Motors Corporation (hereinafter referred to as GM) (Finlay, 2007). GM is offering their customers in the United States of America an extended warranty on all selected power trains in the remarket sector. The aim of this offer is to obtain new customers, and have these and other old customers remain with GM for life. Currently, certified GM pre-owned vehicles are sold with a comprehensive 3-month bumper-to-bumper extensive warranty and a 3 day/150 mile return policy. A 117-point quality check is also performed, to give the customer more reassurance of the vehicle's quality. These vehicles sell for a premium, though. GM's aim with this initiative is to put a differentiated product on the market, and to increase their competitiveness in an extremely competitive market (Finlay, 2007).
• Branding
A brand is a name, term, sign symbol, or design, or a combination of these, that identifies the marketer or seller of a product or service. Consumers view a brand as an important part of a product, and branding can add value to a product (Kotler & Armstrong, 2006). Kotler and Armstrong continue to suggest that branding helps consumers identify products and tells the consumers about the quality of the product. Literature has theorized that a brand name can influence product demand by providing information about quality and creating an appealing image. It is difficult to analyse how brand names affect demands in practice, since most products with different brand names have different attributes. Automobile brands provide information to consumers, which create awareness of which set of models the prospective buyer can consider in his search for a suitable vehicle (Sullivan, 1998). Several companies in the growing automotive sector appoint specialist branding teams to manage the branding strategy of their products. Examples are Ford Motor Company and Daimler-Chrysler (Veloutsou, 2002). The question arises whether branding plays a crucial role in the success of the automotive market, and more specifically, the remarket.

• Location
As for any business, it is important for a dealership to have central location. In South Africa, it is noticeable that dealerships of different brands are often located in the same area. It is a common site to see five and more dealerships of different brands located right next to one another in one large automotive business centre. These dealerships are often situated on busy main roads or intersections, where the highest marketing potential is possible. One of the most successful pre-owned vehicle dealerships in the United States of America, Ft. Myers Toyota, is an example of such a
well positioned dealership. Nevertheless, General Manager, John Marazzi, states that this is just one of the important factors that make this dealership such a success (Banks, 2007a). It is thus noted that although a dealership should be easily accessible, visible and centrally located in order to attract the highest amount of clientele, other factors, as mentioned in the discussion that follows, also play a significant role to eventually become a successful dealership.

- **Competent sales force**

  The sales force is the dealership's link to the customer. A competent sales force is a factor that should not be overseen by any dealer principal. The Ft. Myers Toyota dealership is once again a good example of taking the hiring of employees seriously. The dealership has a 3-tier interview process, which involves the pre-owned vehicle manager, five frontline managers, and finally the General Manager (Banks, 2007a). A formal interview process is essential to ensure that the most competent candidate for the specific position is obtained. It takes a very unique candidate to connect to a potential buyer of a pre-owned vehicle. This links with the factor that the reputation of the dealership is of importance to the customer. A customer doesn't want to feel that he is pushed into buying a vehicle that does not, for example, suit his needs, falls outside his/her price range or is of inferior quality. The sales person should create an environment of trust, in which the customer feels that he can rely on the information that he is provided with when making a purchasing decision. The pre-owned vehicle market is often labeled as a market with less than trustworthy information and products, and it is the responsibility of the dealership management to change this concept in view of their customers through a well-trained and respectable sales force.

  A proper appraisal system is useful to keep the sales force in line with their business objectives and responsibilities to meet sales targets with
integrity. The customer should receive the best deal that suits his needs, not that of the sales person. That will help create a customer for life (Anon, 2007a). A factor identified in a previous study, the employee/commitment quality factor, also refers to the way the sales force treats the customer. This factor includes issues such as true interest in the needs and requirements of the customer, general behaviour of the sales force and their commitment to good client service (Berndt & Herbst, 2005).

- **Marketing and promotion**
  The South African motor sector is at a very high level of competitiveness in its current state. Sales of new vehicles are at a record high, and new entrants are flooding into this market sector. This makes it difficult for a specific brand to distinguish itself from the rest (Richards, 2006). The high amount of sales indicates a large potential market. It is therefore of high importance for each brand and individual dealership to implement an effective marketing strategy to ensure their dealership is the preferred option when a customer wants to purchase a pre-owned vehicle. The increase in sales of new vehicles also flows through to the pre-owned sector. Examples of promotions include special accessories or optional extras at discounted prices, reduced interest rates on specified products or cash back on the purchase of a specific unit. These promotions are marketed using different media, including TV commercials, billboards and newspapers. Public awareness needs to be raised to ensure the success of such a project. Original ideas from the marketing teams, and in some instances the marketing team of the mother company, are of high value to the success and achievements of the individual dealerships.

- **Conditioning and reconditioning of vehicles**
  Customers have specific expectations when purchasing a vehicle, whether new or pre-owned. A large amount of money is spent, and the customer wants to be sure that the product is of high quality. It is essential for
dealerships to have a reconditioning allowance to offer the customer a product of acceptable standard by fixing small dents and scratches beforehand. In some instances, vehicles are reconditioned at the mother company when demonstration stock is sold to dealerships as used inventory. This ensures that the vehicles are of acceptable quality, and has gone through extensive standardised quality checks. This forms part of the factor of reassurance – the quality of the product is of concern to the customer, and wants to be reassured that it won’t be necessary to return the vehicle at a later stage to have repairs done.

The literature study concludes the fact that several factors play a role in the success of sales in the remarket sector of the automotive industry. The research results that follow, is supportive of the literature. The research results identify several factors of importance in the remarket industry by means of 140 respondents to a questionnaire drafted for this purpose. A factor analysis is done on the data to indicate which factors prove to be significant for the successful management of a remarket dealership.

2.3 RESULTS

The research methodology (as presented in Chapter 1) refers. The results consist of a demographic profile, some descriptive statistics (mean values and standard deviations were calculated) and a Principal Factor Analysis (Varimax rotation normalized). Statgraphics 7.0 was employed as statistical tool to analyse the data.

2.3.1 DEMOGRAPHIC PROFILE

The profile of the respondents includes age and gender. This information is summarized in Table 2.1. Approximately a third of the respondents fall into the
category of males, 30 to 40 years of age. The percentage of male respondents is 61%.

**TABLE 2.1: DEMOGRAPHIC PROFILE**

<table>
<thead>
<tr>
<th>AGE</th>
<th>MALE</th>
<th>FEMALE</th>
<th>% MALE</th>
<th>% FEMALE</th>
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<td>20-30 years</td>
<td>26</td>
<td>16</td>
<td>18.6%</td>
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<td>30%</td>
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<tr>
<td>40-50 years</td>
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<td>50-60 years</td>
<td>8</td>
<td>2</td>
<td>5.17%</td>
<td>1.42%</td>
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<td>86</td>
<td>54</td>
<td>61</td>
<td>39</td>
</tr>
</tbody>
</table>

N=140 100%

2.3.2 MEAN VALUES

The research also calculated the mean value of each criterion as well as the standard deviation. The mean values are presented in percentage format after the responses on the 5-point Likert scale have been converted to percentages. Interpretation of the results, according to research done by Bisschoff & Hough (1995:11) could then be applied by using the following guidelines:

- Under 60% = Unacceptable/Unimportant;
- Between 60% and 75% = Acceptable/Important,
- 75% and higher = Excellent/Very important

The results of the mean values are shown in Table 2.2 below. None of the standard deviation values are extraordinary whilst mean values portray a general dissatisfaction as various criteria show mean values below the unacceptable level of 60% (See also Figure 2.1).
<table>
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<td>51</td>
<td>0</td>
<td>12</td>
<td>40</td>
</tr>
<tr>
<td>50</td>
<td>0</td>
<td>10</td>
<td>38</td>
</tr>
<tr>
<td>49</td>
<td>0</td>
<td>8</td>
<td>36</td>
</tr>
<tr>
<td>48</td>
<td>0</td>
<td>6</td>
<td>34</td>
</tr>
<tr>
<td>47</td>
<td>0</td>
<td>4</td>
<td>32</td>
</tr>
<tr>
<td>46</td>
<td>0</td>
<td>2</td>
<td>30</td>
</tr>
<tr>
<td>45</td>
<td>0</td>
<td>0</td>
<td>28</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>4</th>
<th>0</th>
<th>2</th>
<th>0</th>
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<td>0</td>
<td>1</td>
<td>0</td>
</tr>
<tr>
<td>2</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
<tr>
<td>1</td>
<td>0</td>
<td>0</td>
<td>0</td>
</tr>
</tbody>
</table>

### Table 2.2: Mean Values for Customer Valued Items

**Column Mean Deviation %**

- 0.02
- 0.05
- 0.08
- 0.14
- 0.20
- 0.26
- 0.32
- 0.36
- 0.44
- 0.50
- 0.56
- 0.68
- 0.78
- 0.86
- 0.92
- 0.96
- 1.00
- 1.04
- 1.08
- 1.14
- 1.20
- 1.26
- 1.32
- 1.36
- 1.44
- 1.50

**Standard Deviation**

- 0.06
- 0.09
- 0.12
- 0.15
- 0.18
- 0.21
- 0.24
- 0.27
- 0.30
- 0.33
- 0.36
- 0.40
- 0.45
- 0.50
- 0.55
- 0.60
- 0.65
- 0.70
- 0.75
- 0.80
- 0.85
- 0.90
- 0.95
- 1.00

**Mean Values**

- 0.02
- 0.05
- 0.08
- 0.14
- 0.20
- 0.26
- 0.32
- 0.36
- 0.44
- 0.50
- 0.56
- 0.68
- 0.78
- 0.86
- 0.92
- 0.96
- 1.00
- 1.04
- 1.08
- 1.14
- 1.20
- 1.26
- 1.32
- 1.36
- 1.44
- 1.50

---

**Notes:**

- Customer Value is determined by the extent to which the customer chooses to purchase a vehicle from a particular dealership.
- Customers are rated by dealerships with reputation for high levels of products and services.
- The unique selling point of the dealership is influenced by the characteristics of the business, such as service quality and the condition of the product.
- For many customers, the dealership is the key decision maker in the product's performance and the quality of the service.
- From the customer's perspective, the dealership is more concerned about other factors such as price and quality.
- For the customer, the dealership is more focused on achieving other factors such as price and quality.
- The customer's decision to purchase a vehicle from the dealership is influenced by the characteristics of the business, such as service quality and the condition of the product.
- Customers often use a key decision made by the dealership to establish its position in the market.
- The customer's decision to purchase a vehicle from the dealership is influenced by the characteristics of the business, such as service quality and the condition of the product.
- From the customer's perspective, the dealership is more concerned about other factors such as price and quality.
- For the customer, the dealership is more focused on achieving other factors such as price and quality.
- The customer's decision to purchase a vehicle from the dealership is influenced by the characteristics of the business, such as service quality and the condition of the product.
TABLE 2.3: MEAN AVERAGES

<table>
<thead>
<tr>
<th>CATEGORY</th>
<th>AVERAGE MEAN %</th>
</tr>
</thead>
<tbody>
<tr>
<td>A: General</td>
<td>59.15</td>
</tr>
<tr>
<td>B: Price</td>
<td>55.57</td>
</tr>
<tr>
<td>C: Warranty</td>
<td>55.47</td>
</tr>
<tr>
<td>D: Quality</td>
<td>57.43</td>
</tr>
<tr>
<td>E: Brand</td>
<td>58.72</td>
</tr>
<tr>
<td>F: Value for money</td>
<td>60.54</td>
</tr>
<tr>
<td>G: Reputation of dealership</td>
<td>64.15</td>
</tr>
<tr>
<td><strong>GRAND MEAN</strong></td>
<td><strong>58.72</strong></td>
</tr>
</tbody>
</table>

According to the mean values calculated for the criteria, all but one of the customer valued items are regarded as excellent or very important, while most are below 60%. The criterion relating to satisfaction with quality even slopes below 50% signifying that customers are most unhappy with the quality of remarket vehicles. None of the criteria achieved the highest merit of exceeding the 75% margin.

Regarding the summary in Table 2.3, only the category F (Value for money) and G (Reputation of dealership) are above the 60% margin. The remainder of the criteria is below 60%.
2.3.3 FACTOR IDENTIFICATION

The initial data set, consisting of 28 variables, was subjected to Cronbach’s Coefficient Alpha (α) reliability test and none of the variables were rejected as all of them had α values > 0.70 (Boshoff & Hoole, 1998:77). An overall α-value of 0.888, furthermore, showed that the data set maintained acceptable internal stability levels and is suitable for use in a factor analytical procedure. Reliability refers to an indicator’s dependability. A reliable indicator or measure will give the same results each time a subject is measured (Neuman, 1997). Therefore, for the purposes of determining reliability, Cronbach’s Alpha, which determines how well a set of items which measures a specific construct, was used.
The factor analysis revealed that seven factors could be identified from the data. The factor analysis explains a cumulative variance of 61% which represents a good fit of the data regarding the reasons why customers purchase pre-owned vehicles (Hooley & Hussey, 1994: 145-146 in Bisschoff & Bisschoff, 2001). The identified factors have been labeled and interpreted appropriately. The number of each factor corresponds with the factor number in Table 2.4. The table also shows the percentage of variance explained by each of the factors as well as the cumulative variance.
<table>
<thead>
<tr>
<th>CUSTOMER VALUED ITEMS</th>
<th>FACTOR LOADING PER FACTOR</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>1</td>
</tr>
<tr>
<td>B2 The customer perceives exceptionally low prices as a warning signal for possible</td>
<td>0.749</td>
</tr>
<tr>
<td>quality defects</td>
<td></td>
</tr>
<tr>
<td>D1 The quality checks that forms part of the remarket brand prove to be valuable when</td>
<td>0.624</td>
</tr>
<tr>
<td>choosing a vehicle to purchase</td>
<td></td>
</tr>
<tr>
<td>B3 The customer expects to pay prices as determined by the monthly Auto Dealer’s</td>
<td>0.600</td>
</tr>
<tr>
<td>Guide</td>
<td></td>
</tr>
<tr>
<td>A2 The brand image poses high value to the customer</td>
<td>0.529</td>
</tr>
<tr>
<td>D2 The customer’s main focus when buying a pre-owned vehicle, is the quality of the</td>
<td>0.527</td>
</tr>
<tr>
<td>product</td>
<td></td>
</tr>
<tr>
<td>C3 Customers expect all vehicles to be sold with a warranty in place</td>
<td>0.835</td>
</tr>
<tr>
<td>C4 Buying a vehicle with a warranty agreement in place, is a determining factor in the</td>
<td>0.763</td>
</tr>
<tr>
<td>choice the customer makes</td>
<td></td>
</tr>
<tr>
<td>C1 The customer is mostly concerned about the remainder of the warranty on the vehicle</td>
<td>0.674</td>
</tr>
<tr>
<td>for sale</td>
<td></td>
</tr>
<tr>
<td>G1 The customer’s choice of preferred dealership is influenced by the historical</td>
<td>0.785</td>
</tr>
<tr>
<td>reputation of the business</td>
<td></td>
</tr>
<tr>
<td>G4 Integrity plays a determining role when a customer chooses a dealership to purchase</td>
<td>0.728</td>
</tr>
<tr>
<td>a vehicle from</td>
<td></td>
</tr>
<tr>
<td>G2 Customers prefer to buy pre-owned vehicles from dealerships with a well-established</td>
<td>0.706</td>
</tr>
<tr>
<td>reputation as reliable and trustworthy</td>
<td></td>
</tr>
<tr>
<td>G3 Customers are put off by dealerships with a reputation of poor level quality</td>
<td>0.573</td>
</tr>
<tr>
<td>products</td>
<td></td>
</tr>
<tr>
<td>F1 The customer wants more features when buying a vehicle, whilst paying less</td>
<td>0.722</td>
</tr>
<tr>
<td>E3 Brand positioning and re-positioning should receive more attention to ensure that</td>
<td>0.583</td>
</tr>
<tr>
<td>the customer is drawn to the specific brand/product</td>
<td></td>
</tr>
<tr>
<td>A1 Remarket brands must be repositioned and strengthened in order to remain</td>
<td>0.762</td>
</tr>
<tr>
<td>competitive in the automotive remark</td>
<td></td>
</tr>
<tr>
<td>A3 Remarket brands contribute to a great extent to the choice of vehicle you as a</td>
<td>0.623</td>
</tr>
<tr>
<td>customer make</td>
<td></td>
</tr>
<tr>
<td>A4 The quality of point-of-sale material should be improved in all remarket dealerships</td>
<td>0.700</td>
</tr>
<tr>
<td>D3 Customers are currently satisfied with the quality of products provided by the</td>
<td>-0.738</td>
</tr>
<tr>
<td>remarket brands</td>
<td></td>
</tr>
<tr>
<td>B1 The customer is mostly concerned about the price charged for the vehicle that he</td>
<td>0.728</td>
</tr>
<tr>
<td>has interest in</td>
<td></td>
</tr>
<tr>
<td>B4 Establishing that a vehicle is priced correctly, is a key factor in the motivation</td>
<td>0.682</td>
</tr>
<tr>
<td>of the customer to buy the vehicle</td>
<td></td>
</tr>
</tbody>
</table>

**VARIANCE EXPLAINED**

|                  | 26.95 | 8.73 | 6.29 | 5.23 | 5.01 | 4.71 | 4.07 |

**CUMULATIVE VARIANCE EXPLAINED**

|                  | 26.95 | 35.68 | 41.97 | 47.21 | 52.24 | 56.95 | 61.03 |
TABLE 2.5: NON-RELEVANT ITEMS

<table>
<thead>
<tr>
<th>CUSTOMER VALUED ITEMS</th>
</tr>
</thead>
<tbody>
<tr>
<td>C2 The customer will more readily buy a vehicle with a warranty, than one without</td>
</tr>
<tr>
<td>D4 Offering a product of high quality, is a determining factor in the choice of the vehicle the customer will purchase</td>
</tr>
<tr>
<td>E1 The brand that is presented by the dealership, influences the decision made by the customer</td>
</tr>
<tr>
<td>E2 Remarket brands in their current state play a contributing and supportive role when it comes to the choices made by the customer</td>
</tr>
<tr>
<td>E4 Branding plays a key factor in the choice made by the prospective customer</td>
</tr>
<tr>
<td>F2 Features and accessories are nice to have, but the customer is still more concerned about other factors such as price and quality</td>
</tr>
<tr>
<td>F3 The customer wants to see the value in the product when comparing the product to the asking price</td>
</tr>
<tr>
<td>F4 Value for money could be described as a determining factor in the product choice made by the customer</td>
</tr>
</tbody>
</table>

The eight items in Table 2.5 have been rejected by the factor analysis as their factor loading were below the set cut-off loading of 0.50 for the research. As such, the factor analysis serves its secondary purpose as a tool to simplify the dataset. The remaining 20 items (in Table 2.4) should, therefore, be used in future research.

- **FACTOR 1: VALUE FOR MONEY**
  Factor 1 is the most important factor and has been identified as Value for money (explaining a very favourable variance of 26.95%). All of the items loading onto Factor 1 point to value for money as the most important element to be considered when a remarket vehicle is purchased. Elements such as the brand image, predetermined prices, quality checks, overall quality and extremely low prices form part of Factor 1. Both the clear identification as well as the substantial variance explained makes this a clear indicator that management should pay special attention to the concept of value for money of their products offered to the customers.

- **FACTOR 2: REASSURANCE**
  Factor 2 is labeled Reassurance, since all its factors point to the fact that customers want to be reassured that the vehicles they are purchasing are of good value. Customers want to eliminate all uncertainty, even after they have actually completed the deal. Therefore, aspects such as the warrantee become important. The factor deals specifically with reassuring the customer what will happen to his vehicle afterwards. This factor explains a variance of 8.73%.
• **FACTOR 3: REPUTATION OF THE DEALER**
A dealership with a good reputation is valued by the customer that purchases a pre-owned vehicle. Factor 3 is identified as *Reputation of the dealer*, and this factor explains a variance of 6.29%. Items G1, G4, G2 and G3 relate to the integrity, reliability and trustworthiness of the dealership, which is valued by the customer. It is therefore possible to determine that the customer values the reputation of the dealership that he/she prefers to purchase his pre-owned vehicle from.

• **FACTOR 4: OPTIONAL ATTRACTIVE FACTORS**
Factor 4 is labeled as *Optional attractive factors*. Two items loaded significantly for Factor 4. Item F1 indicates that the customer is interested in the offering of optional or extra features for reduced prices. Item E3 states that the customer is of the opinion that brand positioning and re-positioning should receive more attention. The factor explains a variance of 5.23%.

• **FACTOR 5: BRAND IMAGE**
The creation of a strong brand image is valued by customers in the remarket sector. Factor 5 is identified as *Brand image*, since factors of importance for the customer relate to the image of the brand of which they purchase the vehicle. Factor 5 explains a variance of 5.01%. Item number A3 relates to the extent to which a brand influences the choice the customer makes. Item number A1 refers to how important the customer rates the positioning and re-positioning of the brand. Item A4 indicates that the point-of-sale material is regarded as a factor that plays a role in the selection of which brand the customer will purchase.

• **FACTOR 6: PRODUCT QUALITY**
Factor 6 is identified as *Product quality*, and only one item loaded significantly to this factor. Customers are expecting that high quality products are offered. Quality is expected to be an intrinsic part of the product offered, since a substantial amount of money is spent on a vehicle. However, quality is expected as an integral part of the deal when a remarket vehicle is purchased. Currently, customers do not perceive
this to be true, hence the negative factor loading displayed by item D3. Factor 6 explains 4.71% of the variance.

- FACTOR 7: PRICE OF VEHICLE

Only 2 items loaded significantly to Factor 7 that was labeled *Price of vehicle*. Customers consider the price they pay for the pre-owned vehicle to play a role in the choice they make when selecting a vehicle to purchase. Both factors relate to the price that is charged for a vehicle they have interest in, and whether this price charged for the vehicle is an indication of value for the money paid. Factor 7 explains 4.07% of the variance.
Table 2.6 illustrates factors identified by several authors (Bisschoff 1996; Bisschoff, 1997) over the past two decades that were considered of importance when purchasing vehicles (Du Plessis & Ackermann, 1987). The following generic factors are identified as important over the period in all three studies:

- Price / Affordability
- Dealer reputation / conduct
- Appearance / image of the product

This shows that certain factors or attributes has stood the test of time and remain important to the customers in the remarket sector, regardless of the period of time that has elapsed or the changes in technology, price and appearance of the products on offer.
The following factors are identified as common amongst two of the studies:

- Dealer orientation
- Value for money
- Quality of the product

The remainder of the factors is identified as specific or individual to each study. This includes delivery, maintenance, reassurance, space and comfort, drivability and social influence.

2.4 SUMMARY

This chapter serves as the backbone of the study. The literature review was analysed, and from this research, flowed the design of the empirical research. The data is collected via a measuring instrument at dealers in the automotive remarket, and the statistical analysis makes use of descriptive as well as advanced techniques. The use of factor analysis to determine the underlying constructs of a data set proved to be beneficial in this application setting since it supplied the researcher with additional information to assist dealerships in identifying factors of importance to increase and grow the remarket business entity. The data set is validated by applying Cronbach's Alpha and it proves to be reliable and stable.

Chapter 3 is the final chapter of this report, and it consists mainly of conclusions and recommendations to all role-players concerned. Chapter 3 concludes the research project. The chapter offers, apart from the final conclusions and recommendations, insight on the acceptance or rejection of the research propositions. It mentions a minor problem entered during the research and, finally, provides a summary of the research.
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CHAPTER 3

CONCLUSIONS AND RECOMMENDATIONS

3.1 INTRODUCTION

This chapter outlines the conclusions and recommendations relating to the findings of Chapter 2. Conclusions are made, based on the findings of the factor analysis that forms part of the research results. The recommendations offered is a result of the conclusions drawn in the research. The chapter aims to provide an advisory framework for dealers to assist them in managing their dealerships. The framework can be applied to assist dealerships to formulate their business strategies to improve sales and turnover in future operations in the remarket sector.

3.2 CONCLUSIONS

This study explored the factors of importance to the customer when purchasing a pre-owned vehicle. Several conceptions and misconceptions exist with regard to the selling of and reasons for purchasing pre-owned vehicles. This study indicated which factors are relevant, and which are of less importance to the customer. The data set was analysed by means of a factor analysis. The factor analysis indicated that seven factors were considered as important and relevant to the customer when purchasing a pre-owned vehicle.
CONCLUSION 1:
This first conclusion refers to the calculated mean values. It is clear that the mean values are below standard and that the criteria are not met to satisfy customers in the automotive remarket.

CONCLUSION 2:
The factors identified in this study as important to dealerships in the remarket automotive sector, corresponds well to existing literature on the subject. The correlation between value and money is proven to be of the highest importance to the customer, and explains 26.95% of the variance in the factor analysis. This proves that customers do not buy impulsively, but carefully outweighs the value of the vehicle they are about to purchase against the price they have to pay for it. Customers expect a certain level of quality and features to be associated with a specific price charged for a pre-owned vehicle. A balance should exist between what the dealer is charging the customer for what he has on offer, and what the customer has to pay for the particular unit.

CONCLUSION 3:
Reassurance also plays a vital role when a customer purchases a pre-owned vehicle. The warranty is of importance to the customer, and dealerships should focus on selling vehicles with valid warranties in place. This will influence the decision the customer makes when selecting a pre-owned vehicle. The customers will feel more at ease with the quality and safety of the product, if they know that they are purchasing the unit with a warranty in the case of mechanical or other warranty related problems.

CONCLUSION 4:
The study also interestingly enough showed that customers are concerned with the reputation of the dealership they purchase the vehicle from. If the dealership is not considered ethical or offering value for money with integrity, customers will be more reluctant to purchase their pre-owned vehicle from this particular dealership. A dealership can easily obtain a poor reputation when its conduct is dishonest or unethical, and products sold are of poor quality or have been involved in accidents. A lot of negative publicity
exists with regard to pre-owned vehicle dealerships, and customers are therefore weary of purchasing a vehicle from any dealership without a proven track-record of reliability. This study therefore proves that dealerships should pay attention to their reputations, and how it is perceived by the customer network.

CONCLUSION 5:
A few optional attractive factors have been identified as appealing to the customer. The customer is somewhat concerned with the features offered by the specific unit he is about to purchase. Customers find extra features for a low or reasonably low price appealing, and it contributes to them purchasing a particular unit. The current market offers so many choices of brands, and most include special features like air-conditioning, airbags and ABS. It is thus important for the dealership that sells pre-owned vehicles to have a competitive range of vehicles in stock. This element was identified in conjunction with the brand positioning of the particular brand the customer is purchasing. Customers will not necessarily purchase a vehicle from a brand that has a poor reputation of quality or after-sales service. They want to be sure that they are purchasing a vehicle from a trusted brand. Dealers could therefore pay attention to the national or global perception of the brand’s position, and must contribute to strengthening it in accordance with the manufacturer’s suggestions and regulations.

CONCLUSION 6:
Brand image was also identified as a factor of importance to the remarket customer. Although competition of products on offer is very strong amongst different brands in the current market, the customer is still somewhat concerned about the brand of vehicle that is purchased. The customer wants to know that the brand he is purchasing is of future value. This factor includes the importance of proper point-of-sale material that should succeed in drawing customers onto the dealership floor. Merchandising plays a determining factor.

CONCLUSION 7:
Quality is of concern for most consumers. In the remarket sector, quality also plays a role. The customer is of the opinion that he spends a significant amount of money on a vehicle, and quality should come standard with the product. It could be concluded from this study
that customers are satisfied with the general quality of products in the current market. Dealerships should therefore pay attention to the quality of products they put on offer.

CONCLUSION 8:
Surprisingly, this study proves that the target group is of the opinion that the price of the vehicle is least important. This factor proves to play the smallest role in the choice the customer makes when purchasing a pre-owned vehicle. This might be caused by the fact the pre-owned vehicles are cheaper than new vehicles under normal market conditions. The customer therefore subconsciously knows that he is already paying less by choosing the pre-owned option rather than the new vehicle. The Auto Dealer’s Guide also guides trade-in prices, and is readily available to consumers. It is important to note that this is just a guide, and not legally enforced prices. The fact is that it does give a certain amount of comfort to the customer when he has knowledge of the fact that prices are guided. The obvious could also be stated that a customer will not just pay any price for a product on offer. The all important aspect of value for money plays the largest role when the selection of a pre-owned vehicle takes place. Customers will definitely weigh the price against the value they will obtain for the product about to be purchased.

3.3 RECOMMENDATIONS

This study has extracted several recommendations to dealerships to improve the amount of sales done by their dealer operations. Improvement is possible if they focus more on the identified factors of importance, as laid out in this study. The following recommendations are relevant:

RECOMMENDATION 1:
Dealers should focus on the areas of dissatisfaction of criteria as identified in this research. None of the categories (as identified in Table 2.3) are satisfactory and all of the categories (A to G) require managerial attention for business success. The concept of quality is particularly prominent (it is also identified by the factor analysis – see also Recommendation 7).
RECOMMENDATION 2:
Dealerships should place emphasis on the value offered to the customer when they put a pre-owned vehicle up for sale. It is important to make value for money a critical part of the sales and marketing strategy. The perception that value for money comes first when offering the customer a product, should be enforced with any potential remarket customer. This could be done by adapting the marketing strategy of the dealership.

RECOMMENDATION 3:
Dealerships should take the fact into consideration that customers need reassurance when spending a significant amount of money. The study has proven that this plays a role when a consumer purchases a pre-owned vehicle from a dealership. Selling vehicles with valid warranties in place will boost sales, because this will give the customer more peace of mind. It is therefore recommended that vehicles are sold with warranties, or in cases where the vehicles are older than the period allowed for a warranty, the customer should have the option of purchasing an extended warranty.

RECOMMENDATION 4:
Emphasis should be placed on the reputation of the dealership. The dealer principal or dealership owner should take ownership of all activities taking place at the dealership. This includes sales ethics, product quality, after-sales service and treatment of customers. Dealerships should conduct all business ethically and have an open and honest approach to their client base. Training of the sales force is recommended to ensure that conduct is ethical.

RECOMMENDATION 5:
Offering optional attractive factors, will appeal to customers opting for purchasing a pre-owned vehicle. Examples are offering a monetary discount or cash-back that could be spent on extra options fitted to the vehicle, or offer one extra option without any charge. This is of course part of a marketing strategy, but could pay off. Focus on the brand’s position in the process. Ensure that these offers do not make the brand seem desperate to make sales, creating the idea that the unit on offer has other lurking problems.
RECOMMENDATION 6:
Most of the local manufacturers follow suit of the mother companies to act in line with the global branding strategy. Branding and marketing is taken up on local soil by the marketing departments of each local manufacturer, and information is filtered through to dealerships with regard to strategy, conduct and corporate identity. It is therefore recommended that dealerships comply with recommendations made by the mother company in order to form a unified front for their specific brand. This recommendation refers especially to the tendency that pre-owned dealerships have to create their own point-of-sale material and marketing strategies. It is not always in good taste or in compliance with the corporate identity, and does not necessarily depict what the brand stands for.

RECOMMENDATION 7:
Dealerships should ensure that the products they offer the customer are of high quality. It is recommended that quality checks with very strict criteria are put in place, and forms part of their marketing strategy. Make a point of selling the quality check as part of the product.

RECOMMENDATION 8:
Customers should be offered products at reasonable prices. Dealers should follow the guidelines set by the Auto Dealer's Guide, and should offer the customer competitive deals compared to other dealerships. It is important to remember that customers will not return to a dealership if they discover that they had paid an unreasonable price for a product.

3.4 PROBLEMS ENCOUNTERED
This research was fairly trouble-free and only one problem was encountered. A key person responsible for the liaison function with the dealers resigned from the company. As a result, the researcher had to set up a new liaison channel in order to get the dealers to complete the questionnaires. After dealing with this set-back successfully, the research stayed on schedule and no further problems were encountered.
3.5 ACCEPTANCE OR REJECTION OF THE RESEARCH PROPOSITIONS

This research formulated two research propositions that should be either accepted or rejected as a result of the research.

\[ P_0: \]
Success in the automotive remarket consists of a number of factors that can be identified

**ACCEPTED:** The research showed clearly that seven factors have been identified, and that these factors explain more than 60% of the cumulative variance in buying behaviour of the remarket motor sector.

\[ P_1: \]
Brand positioning forms the most important part of success in the automotive remarket.

**PARTIALLY ACCEPTED:** The study showed clearly that branding plays an important part in the success of the automotive remarket sector. However, it is not the only factor of importance. Branding, in association with the other important factors identified by the research, forms an integrated whole in relation to success rather than being an individual driver thereof. Therefore, the research proposition can only be partially accepted.

3.6 SUMMARY

This study focused on the remarket automotive sector, and the role played by branding in the success of the industry. Factors that are important in the success of vehicle sales in the remarket sector are explored. The current market for pre-owned vehicles is struggling because of the increased sales of new vehicles, with new vehicle prices remaining constant or even decreased in some brands. The customer base prefers purchasing new vehicles instead of pre-owned vehicles, because of the small price difference offered by current market conditions. It is therefore important for the owners of dealerships in the remarket sector to focus on the factors that will contribute to their business success.
Three studies are used for comparison purposes, with the objective of outlining factors that remain important to the customer, irrespective of time and market conditions. These factors include price or affordability, dealer reputation or conduct and the appearance or image of the product. Several other generic factors are also identified, and these include dealer orientation, value for money and the quality of the product. A definite correlation can be noticed between these factors and the general success of dealerships in the automotive industry. The purpose of this study is therefore to focus the attention of dealerships on factors of real importance in the growth and profitability of their businesses. It is imperative for them to align their operations with the requirements of the current market conditions in order for them to be successful. Branding was identified as a factor of relevance, but it must be focused on in conjunction with the other identified factors as stipulated in this study.
ANNEXURE

Research Questionnaire

Determining success factors in the automotive remarket

Participant Name

Participant's details:

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<thead>
<tr>
<th>Name and surname</th>
<th>Contact details</th>
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Please answer the following questions, by indicating your answer according to the following scale:

1 = Strongly agree
2 = Agree
3 = No opinion
4 = Disagree
5 = Strongly disagree

A. General

1. Remarket brands must be repositioned and strengthened in order to remain competitive in the automotive remarket

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

2. The brand image poses high value to the customer

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

3. Remarket brands contribute to a great extent to the choice of vehicle you as a customer make

1 [ ] 2 [ ] 3 [ ] 4 [ ] 5 [ ]

4. The quality of point-of-sale material should be improved in all remarket dealerships
B. Price

1. The customer is mostly concerned about the price charged for the vehicle that he/she has interest in

2. The customer perceives exceptionally low prices as a warning signal for possible quality defects

3. The customer expects to pay prices as determined by the monthly Auto Dealer's Guide

4. Establishing that a vehicle is priced correctly, is a key factor in the motivation of the customer to buy the vehicle

C. Warranty

1. The customer is mostly concerned about the remainder of the warranty on the vehicle for sale

2. The customer will more readily buy a vehicle with a warranty, than one without

3. Customers expect all vehicles to be sold with a warranty in place
4. Buying a vehicle with a warranty agreement in place, is a determining factor in the choice that the customer makes

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]

D. Quality

1. The quality checks that forms part of the remarket brands prove to be valuable when choosing a vehicle to purchase

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]

2. The customer's main focus when buying a pre-owned vehicle, is the quality of the product

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]

3. Customers are currently satisfied with the quality of products provided by the remarket brands in South Africa

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]

4. Offering a product of high quality, is a determining factor in the choice of vehicle the customer will purchase

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]

E. Brand

1. The brand that is presented by the dealership, influences the decision made by the customer

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]

2. Remarket brands in their current state plays a contributing and supportive role when it comes to the choices made by the customer

1 [ ]  2 [ ]  3 [ ]  4 [ ]  5 [ ]
3. Brand positioning and re-positioning should receive more attention to ensure that the customer is drawn to the specific brand / product

4. Branding plays a key factor in the choice made by the prospective customer

F. Value for money

1. The customer wants more features when buying a vehicle, whilst paying less

2. Features and accessories are nice to have, but the customer is still more concerned about other factors such as price and quality

3. The customer wants to see the value in the product when comparing the product to the asking price

4. Value for money could be described as a determining factor in the product choice made by the customer

G. Reputation of dealership

1. The customer’s choice of preferred dealership is influenced by the historical reputation of the business
2. Customers prefer to buy pre-owned vehicles from dealerships with a well-established reputation as reliable and trustworthy

3. Customers are put off by dealerships with a reputation of poor level quality products

4. Integrity plays a determining role when a customer chooses a dealership to purchase a vehicle from