

## The motor transactions survey, 1971

### Introduction

In 1971 the Social Survey Division of the Office of Population Censuses and Surveys carried out an enquiry for the Government Statistical Service to provide information on the sales and purchases of new and used cars, on the extent to which cars are bought for business purposes and on the part played by hire purchase and other forms of credit in these transactions. This information is used to construct regular statistics on hire purchase, to study the structure of the motor trades, and as background information in the preparation of the national accounts. This enquiry is a follow up to a similar survey undertaken in 1962\*. The earlier survey was a small, experimental one to find out how practicable it was to get information on transactions in cars direct from car owners. The experiment was a success and this success led to the present survey being undertaken to up-date the information of a decade ago and to observe any changes in the pattern of transactions.

As in the 1962 enquiry, a sample of local taxation authorities was selected and from this sample, cars which appeared to have been subject to a transaction within a predetermined reference period, were selected and details of these cars were extracted from the licensing records. Cars which had been bought new were represented by those which were registered for the first time in the period and cars which had changed hands in the period were identified as those where different names appeared on the applications for licences before and after the period. For convenience, in this article these cars have been referred to as 'used' cars. A sub-sample of purchasers and sellers (other than dealers) was then interviewed.

As there were more transactions in used cars than in new cars a lower sampling fraction was used for the selection of purchasers and sellers of used cars than for the selection of purchasers of new cars.

The intended reference period for transactions was the twelve-month period ending 31 March 1971. But, for reasons explained in the footnote to Part III of this article, the survey included some transactions taking place before the start of the period and was probably not fully representative towards the end of the reference period. This followed as a direct result of the sampling technique and had also been experienced in the 1962 enquiry.

Effective interviews were obtained with 1,822 purchasers of new cars, 810 purchasers and 769 vendors of used cars. (In the 1962 survey these figures were respectively 391, 704 and 578.) Both seller and purchaser of 654 (451 in 1962) used cars which had changed hands

during the period were interviewed, and this enabled information to be obtained on the margins received by dealers on the cars which passed through their hands.

The first part of this article summarises the general results of the enquiry, the second part gives information on hire purchase and other credit transactions, and the third part describes the survey procedure. A fuller report of the enquiry will be published by the Social Survey Division later in 1974.

As for any sample survey, it should be remembered that the results are subject to sampling error. This subject will be discussed in the Social Survey Division report.

### Part I: General results

#### Average prices

The average purchase price for a new car was estimated to be £1,032, including delivery charge and extras such as seat belts, but excluding licensing, insurance charges and hire purchase charges. This estimate is based on 1,775 new cars for which full information was available. The average price in the twelve-month period ending 30 September 1961 was estimated by the earlier enquiry to be £775, giving a 33 per cent rise over the decade 1960/1 to 1970/1. This measure is not a true indicator of price increase because no account has been taken of quality changes, or of the mix of cars for which the average prices have been calculated. Any drift from cars at the lower end of the price range to those at the higher end of the range would tend to increase the apparent price change over the ten years (and *vice versa*). In the preparation of the estimates of expenditure on vehicles in the national accounts attempts are made to make allowances for quality changes, and the price rise implied by the accounts over the same period is estimated to have been about 10 per cent for new cars.

When examining the price of used cars an interesting comparison emerges. The average purchase price has been measured at about £330 in the 1962 survey and at about £345 in the 1971 survey. A fall of over 5 per cent, however, was suggested by the national accounts estimates which attempt to make allowance for quality changes. It is perhaps interesting to note that the first survey took place just before prices of both new and used cars began to fall sharply (in national accounts terms, that is, when account has been taken of quality changes) and that the second survey coincided with the beginning of a period of fairly rapidly rising prices (in national accounts terms).

#### Business purchases

In the survey relating to 1960/1, 53 per cent of the numbers of new cars were described by the respondents as being bought partly or entirely for business purposes. In 1970/1 this percentage was 56 per cent (1,014 out of

\* See 'A survey of transactions in motor cars', *Economic Trends* No. 139, May 1965.

**Value of business purchases of new and used cars**

**TABLE A**

	New cars			Used cars		
	Total value	Value accepted by Inland Revenue	Number (1)	Total value	Value accepted by Inland Revenue	Number (1)
	£ thousand (2)			£ thousand (2)		
Proportion accepted by Inland Revenue as business expense						
Allowed 100 per cent .. .. .	239.1	239.1	230	6.6	6.6	11
Allowed less than 100 per cent (percentage stated by respondent) .. .. .	235.5	152.9	194	10.0	7.1	16
Allowed less than 100 per cent (percentage estimated from line above) .. .. .	131.5	85.3	109	5.1	3.6	10
Private (that is, nil allowance) .. .. .	1,180.1	—	1,208	255.4	—	768
<b>Total .. .. .</b>	<b>1,786.2</b>	<b>477.3</b>	<b>1,741</b>	<b>277.1</b>	<b>17.3</b>	<b>805</b>

(1) Excluding cars for which the necessary information was not available.  
 (2) Excluding hire purchase charges, insurance charges and cost of licensing, but including the value of any part exchange.

1,822). About one-third of these were claimed to have been purchased entirely for business purposes. Of the 810 purchases of used cars in 1970/1, 143 or 18 per cent were bought partly or entirely for business purposes—the same proportion as in the earlier survey. However, respondents to the survey indicated that the Inland Revenue did not receive or accept the claims for such a high proportion. Only 31 per cent of new cars in the 1971 survey were accepted, in whole or in part, as expenditure for business purposes compared with 41 per cent in 1960/1. For used cars the proportion was only 5 per cent compared with 9 per cent in 1960/1. In estimating the proportions by value accepted by the Inland Revenue as expenditure for business purposes difficulty arises from the fact that a substantial number of purchasers who were allowed less than the whole cost of the car did not know the exact percentage allowed. For these the percentage has been assumed to be the same as the average by value for those who did know the proportion. For new cars the average percent-

age allowed as a business cost for those cars for which only part of the cost was allowed was 65 per cent; for used cars, 71 per cent. These percentages were based on cases for which the necessary information was known. Table A shows the value of business purchases reported as being accepted by the Inland Revenue for new and used cars.

This table shows that, in the survey, just under 27 per cent of the aggregate purchase value of new cars, and about 6 per cent of the aggregate purchase value of used cars was probably accepted by the Inland Revenue as business expenditure. The earlier enquiry, where a similar method was used to estimate the unknown percentages, produced estimates of 37 per cent and 9 per cent for new and used cars respectively. The national accounts estimates suggest a fall in the proportion of total expenditure on cars (new and used) for business purposes from about 40 per cent in 1960/1 to about 37 per cent in 1970/1.

**Business and private purchases analysed by engine capacity**

**TABLE B**

Engine capacity c.c.	New cars				Used cars (1)			
	Purchase accepted in part or whole as a business expense		Purchase entirely private		Purchase accepted in part or whole as a business expense		Purchase entirely private	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
1,000 and under .. .. .	39	8	211	17.5	4	11	229	30
Over 1,000 up to 1,200 .. .. .	82	15	210	17.5	6	16	168	22
Over 1,200 up to 1,500 .. .. .	150	28	439	36	7	19	142	18
Over 1,500 up to 2,000 .. .. .	193	36	304	25	15	41	166	22
Over 2,000 up to 3,000 .. .. .	36	7	31	3	3	8	56	7
Over 3,000 .. .. .	33	6	13	1	2	5	6	1
<b>Total .. .. .</b>	<b>533</b>	<b>100</b>	<b>1,208</b>	<b>100</b>	<b>37</b>	<b>100</b>	<b>767</b>	<b>100</b>

(1) One car is excluded because its engine capacity was not known; otherwise the cars in this table are the same as those in Table A.

Dealers' margins on used cars<sup>(1)</sup>

TABLE C

	Number of used cars	Aggregate selling value to dealer	Aggregate purchase value from dealer	Aggregate (apparent) gross margin	Average margin per car	Margin as proportion of purchase value from dealer
						Per cent
	Number	£	£	£	£	
<b>Month of purchase from dealer</b>						
Within 2 months of sale to dealer .. .. .	191	70,348	79,895	9,547	50	11.9
2-3 months after sale to dealer .. .. .	64	27,600	30,756	3,156	49	10.3
4-6 months after sale to dealer .. .. .	33	11,762	13,706	1,944	59	14.2
7-12 months after sale to dealer .. .. .	23	8,421	9,975	1,554	67	15.6
Over 12 months plus not known .. .. .	22	6,414	7,974	1,560	71	19.6
<b>All paired transactions through dealers .. .. .</b>	<b>333<sup>(2)</sup></b>	<b>124,545</b>	<b>142,306</b>	<b>17,761</b>	<b>53</b>	<b>12.5</b>

<sup>(1)</sup> Excluding those cars which were sold by private individuals.

<sup>(2)</sup> Excluding those cars for which the necessary information was not available.

Those new cars which the Inland Revenue accepted as 100 per cent for business use had an average price of about £1,040, whereas new cars which were entirely private were purchased at an average price of nearly £980. When the cars for which some expenditure was accepted as business cost are added to the other business cars, the average price of new business cars rises to nearly £1,140.

The implication that bigger, more expensive cars are purchased for business use is borne out by Table B, which gives an analysis of business and private purchases by engine capacity. The table shows, for example, that 49 per cent of business purchases of new cars were over 1,500 c.c. whereas the corresponding proportion for purely private purchases was only 29 per cent. A similar tendency was shown in the 1962 enquiry where 54 per cent of business purchases and only 38 per cent of private purchase of new cars were over 1,400 c.c. However, in 1960/1 nearly 40 per cent of business purchases and nearly 50 per cent of purely private purchases were of cars of 1,000 c.c. or less, whereas in the 1971 enquiry these percentages had dropped to under 10 and under 20 respectively.

Of the 533 new cars accepted in part or in full by the Inland Revenue as purchased for business use only about 2 per cent were bought by the public sector, about 25 per cent by unincorporated businesses or professional partnerships and over 70 per cent by limited companies.

No used cars were bought by the public sector. About 40 per cent of the used cars accepted by the Inland Revenue as business expenditure were bought by limited companies.

**Transactions of used cars through dealers**

Nearly two-thirds of used cars were reported to have been bought from dealers, compared with nearly three-quarters in the 1962 survey. A much higher proportion of used cars were purchased directly from private individuals in 1970/1 than in 1960/1.

The average purchase price of a used car bought from a dealer (£435) was nearly two and a half times higher than the average purchase price of a used car bought from a private individual (£180). (In 1960/1 the ratio was closer to two to one.) The difference in purchase price reflects the difference in age of used cars purchased from dealers compared with those purchased directly from private individuals. For example, only 12 per cent of used cars purchased from dealers were first registered in 1961 or before, whereas 42 per cent of those purchased from individuals were so registered.

Table C shows that the average gross margin received by dealers for the used cars they bought and sold was about £50 or 12½ per cent of the dealers' selling price. In the 1962 survey the margin on cars which were sold within three months of purchase was about £35 or 10 per cent of the dealers' selling price. The margin was seen

**Distribution of dealers' margins on used cars**

TABLE D

Numbers of used cars

	Negative margin (£)			Zero margin	Positive margin (£)				Not known	Total
	100 and over	99-50	49-1		1-49	50-99	100-199	200 and over		
<b>Month of purchase from dealer</b>										
Within 2 months of sale to dealer .. .. .	11	5	24	6	60	42	34	9	28	219
2-3 months after sale to dealer .. .. .	4	1	8	1	18	12	15	5	9	73
4-6 months after sale to dealer .. .. .	2	1	2	3	9	6	7	3	3	36
7-12 months after sale to dealer .. .. .	3	1	1	—	7	10	8	5	8	43
Not known .. .. .	1	—	2	1	1	3	1	1	57	67
<b>All paired transactions through dealers .. .. .</b>	<b>21</b>	<b>8</b>	<b>37</b>	<b>11</b>	<b>95</b>	<b>73</b>	<b>65</b>	<b>23</b>	<b>105</b>	<b>438</b>

to fall back sharply when cars were sold more than three months after purchase. In the 1971 survey the margin appears to remain roughly at the same level even for cars which are held for six months or a year—if anything, there is perhaps a tendency for the margin to increase for those cars sold more than three months after purchase. However, the sub-samples are very small and not too much weight should be attached to estimates based on such sub-sample sizes. It should perhaps be noted that these estimates could conceivably include cars which were the subject of an unrecorded transaction taking place between the recorded sale to the dealer and the recorded purchase from the dealer. The effect of an unrecorded transaction would be to make the dealer's margin appear too low. For example, a recorded sale to a dealer at £200, followed by an unrecorded purchase from the dealer at £220, an unrecorded resale to a dealer at £180, and recorded purchase from that dealer at £200, would give a recorded margin on the car of zero whereas, in fact, two margins of £20 had been earned.

When considering the average gross margin on the sale of used cars it should be borne in mind that the margin would have to cover any repairs or servicing which dealers might have to carry out before selling the car. Dealers probably allowed quite high prices on used cars which were traded in against new cars, the low margin on the sale of used car being set against the higher margin on the sale of the new car. Table D, in fact, shows that a substantial proportion of used cars were sold at a loss.

#### Replacement of cars

Purchasers who said that they had bought their cars entirely or partly for private use were asked whether these purchases were replacement purchases. Table E shows that more than 90 per cent of purchasers of new cars and about 75 per cent of purchasers of used cars said that they were buying for replacement. Only about 4 per cent of those buying new cars but about 18 per cent of those buying used cars had no previous car.

### Proportion of replacement purchases amongst buyers of cars for private or partly private use

TABLE E

	New cars		Used cars	
	Number <sup>(1)</sup>	Per cent	Number <sup>(1)</sup>	Per cent
Purchaser did have a previous car .. .. .	1,320	91	593	75
Purchaser buying an additional car .. .. .	78	5	57	7
Purchaser did <i>not</i> have a previous car .. .. .	56	4	142	18
Total .. .. .	1,454	100	792	100

<sup>(1)</sup> Excluding those cars for which the necessary information was not available.

Of the 1,320 new cars purchased for replacement about 70 per cent were bought to replace cars that had originally been bought new. Of the 593 used cars, less than 10 per cent replaced cars that had been bought new. About 45 per cent of new car purchasers and about 60 per cent of used car purchasers changed the make of their car. The tendency to buy larger cars, suggested earlier, is shown by the fact that 35 per cent of new car purchasers and 45 per cent of used car purchasers bought cars with larger engine capacities than their previous cars, while only about 20 per cent of purchasers of both new and used cars bought cars with smaller engine sizes.

#### Part II:

#### Hire purchase and other credit transactions

The survey showed that of the 1,822 *new* cars purchased, 410 or 23 per cent, were financed by means of hire purchase or similar credit agreement or by personal loans from finance houses. This was exactly the same proportion as was found by the 1962 survey. The result agrees quite well with the data provided by Hire Purchase

### Comparison of replacement cars with previous cars

TABLE F

	New cars			Used cars		
	Replacement car of <i>same</i> make as previous car	Replacement car of <i>different</i> make from previous car	Total <sup>(1)</sup>	Replacement car of <i>same</i> make as previous car	Replacement car of <i>different</i> make from previous car	Total <sup>(1)</sup>
Replacement car of <i>larger</i> engine capacity than previous car .. .. .	235	209	444	93	167	260
Replacement car of <i>same</i> engine capacity as previous car .. .. .	376	190	566	92	96	188
Replacement car of <i>smaller</i> engine capacity than previous car .. .. .	86	172	258	39	88	127
Total .. .. .	697	571	1,268	224	351	575

<sup>(1)</sup> Excluding those cars for which the necessary information was not available.

**Numbers of cars purchased using different methods of finance**

**TABLE G**

	1970/1				1960/1			
	New cars		Used cars		New cars		Used cars	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
<b>Method of finance</b>								
Cash .. .. .	1,263	69	541	67	285	73	390	55
Hire purchase and loan from finance house ..	410	23	210	26	90	23	273	39
Bank loan or overdraft .. .. .	74	4	27	3	11	3	28	4
Borrowing from family, etc. .. .. .	49	3	31	4	2	—	6	1
Information not available .. .. .	26	1	1	—	3	1	7	1
<b>Total .. .. .</b>	<b>1,822</b>	<b>100</b>	<b>810</b>	<b>100</b>	<b>391</b>	<b>100</b>	<b>704</b>	<b>100</b>

Information Ltd., which indicated that new cars bought on hire purchase or similar agreements accounted for 24 per cent of all new cars registered in the year ending 31 March 1971, but it must be emphasised that this figure may not have included all car purchases financed by personal loans.

The proportion of *used* cars bought on hire purchase or similar credit agreement showed a marked change between the two surveys, falling from 39 per cent in 1960/1 to 26 per cent in 1970/1. HP Information Ltd. have records of just over one million hire purchase agreements taken out on used cars in the year ending

31 March 1971 which implies that the total number of transactions in used cars in the period was around the four million mark, or about one in three of the total stock of cars with licences then current.

As in the 1962 survey, other forms and sources of credit were relatively unimportant, with only 7 per cent of both new and used cars being purchased with the help of bank loans and overdrafts or with money borrowed from family, friend or employer.

The remainder of this part of the article is therefore confined to an analysis of those purchases financed by hire purchase or similar instalment credit agreements

**Expenditure and average cost of cars purchased**

**TABLE H**

	New cars				Used cars			
	Aggregate <sup>(1)</sup> expenditure		Number <sup>(2)</sup>	Average cost per car	Aggregate <sup>(1)</sup> expenditure		Number <sup>(2)</sup>	Average cost per car
	£ thousand	Per cent			£ thousand	Per cent		
<b>Method of finance</b>								
Cash .. .. .	1,269.5	69	1,230	1,032	152.2	55	529	288
Hire purchase and loan from finance house ..	427.8	23	406	1,054	96.1	35	208	462
Bank loan or overdraft .. .. .	71.0	4	74	959	15.7	6	27	580
Borrowing from family, etc. .. .. .	48.5	3	48	1,010	10.5	4	31	339
Information not available .. .. .	15.3	1	17	900	0.2	—	1	175
<b>All .. .. .</b>	<b>1,832.0</b>	<b>100</b>	<b>1,775</b>	<b>1,032</b>	<b>274.6</b>	<b>100</b>	<b>796</b>	<b>345</b>

<sup>(1)</sup> See footnote <sup>(2)</sup> to Table A.

<sup>(2)</sup> Excluding 47 new and 14 used cars where the value of the car was not known.

**Business and private purchases of new cars: Hire purchase transactions compared with the total**

**TABLE I**

	1970/1				1960/1			
	Total		On hire purchase		Total		On hire purchase	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
<b>Expenditure accepted by Inland Revenue as business expenses</b>								
100 per cent accepted .. .. .	230	13	25	6	93	24	11	12
Less than 100 per cent accepted .. .. .	303	17	68	17	69	17	15	17
Not accepted .. .. .	1,208	70	306	77	229	59	64	71
<b>All<sup>(1)</sup> .. .. .</b>	<b>1,741</b>	<b>100</b>	<b>399</b>	<b>100</b>	<b>391</b>	<b>100</b>	<b>90</b>	<b>100</b>

<sup>(1)</sup> Excluding those cars for which the necessary information was not available.

## Distribution of down payments

TABLE J

	1970/1				1960/1			
	New cars		Used cars		New cars		Used cars	
	Number	Per cent	Number	Per cent	Number	Per cent	Number	Per cent
<b>Down payments as percentage of cash price</b>								
Under 40 per cent .. .. .	56	16	48	27	52	58	198	73
40 per cent and under 45 per cent .. ..	71	21	48	27	4	4	14	5
45 per cent and under 50 per cent .. ..	35	10	11	6	9	10	15	5
50 per cent and under 60 per cent .. ..	58	17	32	18	8	9	21	8
60 per cent and over .. .. .	126	36	39	22	17	19	25	9
<b>Total<sup>(1)</sup> .. .. .</b>	<b>346</b>	<b>100</b>	<b>178</b>	<b>100</b>	<b>90</b>	<b>100</b>	<b>273</b>	<b>100</b>

<sup>(1)</sup> Excluding those cars for which the necessary information was not available.

with finance houses, all of which are referred to as hire purchase transactions for the sake of brevity.

The average cost of cars bought on hire purchase (excluding any credit charges) was slightly higher than the average for all purchases. New cars bought on hire purchase cost £1,054 and used cars cost £462 on average compared with £1,032 and £345 for all new and used cars respectively.

The proportion of new cars bought on hire purchase which were accepted by the Inland Revenue wholly or partly as a business expense fell between the two surveys from 29 per cent to 23 per cent. However, the fall in all new car purchases accepted was even more pronounced; only 30 per cent of those in the latest survey were reported as accepted compared with 41 per cent in the earlier one. The proportion of used cars bought on hire purchase and accepted as a business expense was again very small—about 5 per cent in both cases.

In value terms about 16 per cent of the aggregate expenditure (excluding any financial charges) on new cars bought on hire purchase agreements was accepted by the Inland Revenue as business expenditure.

The average level of down payments in hire purchase transactions was high, 56 per cent of the cash price for new cars, and 50 per cent for used cars, although it must be noted that the statutory minimum deposit during the survey period was 40 per cent. For business purchases the average was somewhat lower than for other purchases: 45 per cent for new cars and 48 per cent for used cars. It is difficult to make a valid comparison of down payments in the two surveys since the hire purchase controls were different in 1960/1. There was no required minimum deposit before April 1960 and after that date it was only 20 per cent. Table J emphasises the different conditions.

The existence of a number of agreements in 1970/1 where the actual deposit was less than the statutory minimum for hire purchase agreements (in the strict sense) was probably due to the growing use of alternative methods of finance, especially personal loans of various kinds, and this would also account for those agreements in which the repayment period was longer than the statutory maximum of two years.

The distribution of lengths of contract entered into in the 1970/1 survey period is shown in Table K. As was found in the 1960/1 survey, the majority of contracts was for the maximum permitted period. The 1970/1 results for new cars compared fairly well with the figures from HP Information Ltd., although this company did not report any contracts exceeding twenty-four months. For used cars the comparison was less favourable. HP Information Ltd., reported 82 per cent of contracts were for twenty-four months and only 8 and 10 per cent for eighteen and twelve months respectively. The corresponding estimates from the survey were 72, 11 and 15 per cent. Since the survey period there has been a marked change in the distribution of contract lengths, as a result of the abolition of hire purchase controls in July 1971. During the first three quarters of 1973 HP Information Ltd. figures showed that only about 40 per cent of new and used car contracts were for twenty-four months while about 50 per cent were for thirty-six months.

### Distribution of contracted lengths of hire purchase agreements

TABLE K

	New cars		Used cars	
	Number	Per cent	Number	Per cent
<b>Original length of contract</b>				
Up to 12 months .. .. .	35	10	29	15
Over 12 up to 18 months .. ..	10	3	20	11
Over 18 up to 24 months .. ..	297	81	136	72
Over 24 up to 30 months .. ..	7	2	—	—
Over 30 up to 36 months .. ..	15	4	5	2
<b>All<sup>(1)</sup> .. .. .</b>	<b>364</b>	<b>100</b>	<b>190</b>	<b>100</b>

<sup>(1)</sup> Excluding those cars for which the necessary information was not available.

The 1970/1 survey, like the earlier one, showed that a substantial proportion of hire purchase agreements were terminated before the contract period had elapsed. Out of 199 agreements on used cars sold during the period, 112 (56 per cent) were terminated early, 68 (34 per cent) were on time and 19 (10 per cent) were

ended later than originally agreed. It is not possible to compare these results with information collected by HP Information Ltd., since a corresponding analysis of those data is not readily available.

### Part III: Survey procedure and methodology

The procedure used to select the sample was, in part, determined by the fact that one of the purposes of the survey was to measure the dealer's margin—the difference between the price paid by a dealer to the seller of a used car and the price paid to the dealer by the purchaser of that used car. There was therefore a need to study a sample of transactions. There is no register of transactions and so it was impossible to sample transactions directly. However, the motor taxation authorities have registers of cars and these registers record the names of applicants for car licences. Comparison of the name of the last applicant with the name of an applicant a year earlier gives a method of isolating cars that have been involved in a transaction within the last year.

A sample of cars was therefore selected from these registers. A two-stage design was used in which county boroughs and administrative counties, listed geographically, formed the first stage. Using a random start, fifty of these first stage units were systematically selected with probability proportional to the number of private cars with licences current at the end of 1970. As a second stage a sample of cars was selected from the registers of the chosen local authorities, such that the overall probability of selection of each new car was the same throughout the country. This was also true of each used car although the probability of selection was fixed at one-seventh of that for new cars.

The intended reference period for transactions was the twelve months ended 31 March 1971. The name of the last applicant for a licence in that period was examined. This name was then compared with the name of the last applicant in the period April 1969 to March 1970. If the names were different it was assumed that a transaction had taken place in the reference period† and the car was included in the sample of used cars. Both applicants were included in the sample; the first applicant was interviewed about the sale of the car the second about its purchase. Those cars for which there was no applicant in the earlier period but two or more different applicants in the reference period, although purchased new within the reference period, were included in the sample of used cars. Those cars for which there was no applicant in the earlier period and only one applicant in the reference period constituted the sample of new cars.

The selection procedure produced a sample of 3,211 purchasers of cars and 1,025 vendors of used cars. The fieldwork took place between September 1971 and January 1972 and, after allowing for refusals and non-contacts, effective interviews were achieved with 2,632 purchasers of cars (1,822 of new cars and 810 of

used cars) and with 769 vendors of used cars. These numbers exclude those cars which had been purchased (usually by dealers) for the purpose of immediate resale. There were 654 cases where it was possible to interview both vendor and purchaser of a used car. The overall response rate for purchasers was nearly 88 per cent (that for new cars being slightly higher than that for used cars). The response rate for vendors of used cars was about 83 per cent. From details collected at the sampling stage the cars bought or sold by non-respondents were examined by engine size and by year of first registration. Neither factor seemed to have any significant effect on response rates.

Two kinds of interview schedule were used, one for vendors and one for purchasers of cars. The questionnaire used for a vendor sought information on the following: the purpose for which the car had been bought that is, whether for private or business purposes; how much, if any, of the purchase value was accepted by Inland Revenue as expenditure for business purposes; how the purchase of the car had been financed; the date when the car was sold; the price obtained for it; and the status of the purchaser—that is, whether the purchaser was a dealer or a private individual. The questionnaire put to purchasers of vehicles covered most of the information sought on the vendor's schedule and in addition asked questions on the following: the status of the vendor; the cost of the car; details of any hire purchase or other credit arrangements; the expected annual mileage of the car; whether the car had been purchased for replacement. The questionnaire put to purchasers also included certain 'attitude' questions. These questions were aimed at discovering why people had purchased a car and, more particularly, what had prompted them to buy this particular car. (These questions will be analysed in the report to be published by the Social Survey Division of OPCS.)

It is perhaps worth recording here a few points of interest that were raised by this survey. The solution to the problem of obtaining a sample of transactions has already been mentioned, but it is also of interest to note the problems encountered in identifying the actual date of a transaction. The method used to obtain a sample of transactions allowed for unrecorded transactions taking place between the recorded sale and the recorded purchase (see 'Transactions of used cars through dealers' in Part I). Where it was established that a transaction had taken place between two people, the date of purchase given by one informant was compared with the date of sale given by the other informant, and with other information given on dates obtained during sampling. Many inconsistencies were found and, wherever possible, corrections were made. Some indication of the fallibility of human memory is given by the extent of these corrections; in a number of cases where both a vendor and purchaser were interviewed, adjustments of one year or more were made either to the date of sale or of purchase.

Another point of interest concerns the breakdown of expenditure between the business and personal sectors. An accurate determination is important in estimating the relative proportions of new cars going to the two sectors and of the transference of second-hand cars from one to the other. The distinction was made on the basis of a question put to both vendors and purchasers

† The sample will include some cars sold before 1 April 1970—those cars sold with licences not yet expired. It will also exclude some cars sold towards the end of the reference period. Again these cars would be those with licences expiring after the end of the reference period. In order to produce the equivalent of a year's sales it has been assumed that the missing sales in the reference period were balanced by the sales prior to 1 April 1970.

and whether any of the capital cost had been accepted by Inland Revenue for business purposes and, where applicable, what percentage was allowed. The answers were examined and compared with other data from the survey on whether the car was used for business and whether the informant's firm paid part or all of the cost. As a result, the information obtained from the first part of the question appeared to be reasonably sound and it is possible to say with some confidence that about 30 per cent of the number of new cars were sold to the business sector. However, this includes cars acquired by self-employed persons partly for business and partly for private use. To improve the estimate and to take some account of the cost of the car involves apportioning the cost between the two sectors and for this purpose the

proportion allowed for tax purposes was the natural figure to take. But the latter was available in only about 60 per cent of the cases where the proportion allowed for tax was less than 100 per cent since, in the others, the informant was unable to say what the percentage was. Some informants found the subject too involved and were confused as between the total proportion of the capital cost allowed and the proportion of the allowance given initially or in the current year.

Further details of the sample, of the fieldwork, with copies of the schedules, and extensive tabulations of the results will appear in the report to be issued by the Social Survey Division of the Office of Population Censuses and Surveys in 1974.

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