

## Glossary

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

<b>1992 report</b>	<i>New motor cars: a report on the supply of new motor cars within the United Kingdom</i> , Cm 1808, HMSO, February 1992. The report on the Commission's 1990/91 inquiry.
<b>AA</b>	Automobile Association.
<b>ACEA</b>	Association des Constructeurs Européens d'Automobiles, a body representing car manufacturers in the <b>EC</b> .
<b>Arbitrage</b>	The action of purchasing a <b>new car</b> at an advantageous price in one market in order to use or sell it in another market where the price is higher.
<b>Authorized intermediary</b>	An agent who has a final customer's written authority to purchase a <b>new car</b> on his behalf. <b>Dealer agreements</b> generally prohibit a <b>dealer</b> from selling via an agent unless the agent has such authority from the final customer. See also <b>intermediary</b> .
<b>BEUC</b>	Bureau Européen des Unions des Consommateurs, a body representing consumer organizations in the <b>EC</b> .
<b>BIMTA</b>	British Independent Motor Traders Association.
<b>Block Exemption</b>	The provisions of <b>EC Regulation 1475/95</b> which permit, inter alia, <b>selective</b> and <b>exclusive distribution</b> of <b>new cars</b> within the <b>EC</b> on certain conditions.
<b>Bonus</b>	A payment by a <b>supplier</b> to one of its <b>franchised dealers</b> for the achievement of sales or other targets or compliance with specified standards.
<b>Broker</b>	An agent acting as middleman in the sale of <b>new cars</b> to final customers. A broker may act either as an <b>authorized intermediary</b> or as a reseller dealing on his own account.
<b>Business buyer</b>	A buyer of a <b>new car</b> who is neither a <b>private buyer</b> nor a <b>fleet customer</b> .
<b>BVRLA</b>	British Vehicle Rental and Leasing Association.
<b>CA</b>	Consumers' Association.
<b>Car licence</b>	See <b>vehicle licence</b> .
<b>Car tax</b>	A tax formerly levied in the UK at the time of the sale (or import by a person for his own use) on the manufacturer's (net of tax) price of a <b>new car</b> . Car tax was abolished in 1992.
<b>Commercial vehicle</b>	A non-military motor vehicle with three or more road wheels, other than a car.
<b>Company car</b>	A car provided by an employer for a director or employee who may use it for business but who has the benefit of private use of it.
<b>Customer segment</b>	A category of customer: normally <b>business</b> , <b>fleet</b> or <b>private buyer</b> .
<b>Dealer</b>	A sole trader, partnership or company engaged in retailing cars, whether new or used.

<b>Dealer agreement</b>	A contract between a <b>supplier</b> of <b>new cars</b> and a <b>franchised dealer</b> which governs the terms of supply and related matters. The expression extends to all the documents that bear on the relationship between the two parties (eg the <b>sale-or-return agreement</b> , franchise standards and policy statements issued by the <b>supplier</b> ) and which form part of the contract.
<b>Dealer group</b>	Two or more <b>dealerships</b> under common ownership.
<b>Dealership</b>	The business covered by a <b>dealer agreement</b> . It may comprise a single outlet or a number of outlets within a single <b>territory</b> .
<b>Dealer's margin</b>	See <b>margin, dealer's</b> .
<b>DETR</b>	Department of the Environment, Transport and the Regions.
<b>Delivery charge</b>	A charge paid by the final purchaser of a <b>new car</b> to a <b>dealer</b> for the delivery of the car from the point of supply (the <b>supplier's</b> factory or depot) to the dealership.
<b>Demonstrator cars</b>	Cars used by <b>dealers</b> for potential customers to test-drive.
<b>DGFT</b>	Director General of Fair Trading.
<b>Discount, dealer's</b>	A reduction on the <b>list price</b> of a <b>new car</b> granted to the purchaser by the <b>dealer</b> .
<b>Discount, supplier's</b>	The difference between the price paid by a <b>franchised dealer</b> to the <b>supplier</b> of a <b>new car</b> and the <b>list price</b> (net of tax), usually called the <b>dealer's margin</b> . Does not include <b>bonuses</b> for the achievement of sales targets.
<b>DTI</b>	Department of Trade and Industry.
<b>DVLA</b>	The Driver and Vehicle Licensing Agency of the <b>DETR</b> . The government executive agency responsible for the administration of driver and vehicle licensing and taxation in Great Britain. The DVLNI performs a similar function in Northern Ireland.
<b>EC</b>	European Community or Communities.
<b>EC certificate of conformity</b>	A certificate issued by a manufacturer indicating that a car complies with a vehicle type approved under the <b>ECWVTA</b> scheme. Generally a vehicle cannot be registered in a member state unless it has such a certificate, but see <b>grey imports</b> .
<b>EC Regulation 1475/95</b>	See <b>Block Exemption</b> .
<b>ECWVTA</b>	European Community Whole Vehicle Type Approval. See Appendix 3.1.
<b>EEA</b>	European Economic Area: the area, comprising the 15 member states of the <b>EC</b> together with Iceland, Liechtenstein and Norway, which is covered by the EEA agreement on free movement of goods, services, capital and people.
<b>End-of-series vehicle</b>	When changes are made in an <b>ECWVTA</b> technical standard, the <b>EC certificate of conformity</b> for cars built to the old standard sometimes becomes invalid on a specified date. In such cases it is necessary for the cars to be registered by that date if they are to be sold in the UK. We refer to such vehicles as end-of-series vehicles.
<b>European Commission</b>	The Commission of the European Communities.

<b>Exclusive distribution</b>	The regime under which a <b>supplier</b> agrees to supply <b>new cars</b> exclusively to one <b>dealer</b> in a <b>territory</b> and the <b>dealer</b> agrees to sell exclusively that <b>supplier's</b> brand of <b>new cars</b> from a given premises (see also <b>solus dealership</b> ).
<b>Financial benefits</b>	Inducements (normally financed by <b>suppliers</b> ) offered by <b>franchised dealers</b> to prospective purchasers of <b>new cars</b> , eg free or low-interest loans, free membership of a motoring organization, free or low-cost insurance.
<b>Fleet</b>	Defined by the <b>DVLA</b> , the <b>SMMT</b> and many <b>suppliers</b> as 25 or more cars registered as being used by a single company or an individual; some <b>suppliers</b> have other definitions.
<b>Fleet customer</b>	A buyer of <b>new cars</b> for a <b>fleet</b> .
<b>Franchised dealer</b>	A <b>dealer</b> engaged in retailing <b>new cars</b> under a <b>dealer agreement</b> with a <b>supplier</b> as part of a <b>selective distribution</b> system.
<b>Grey imports</b>	<b>New cars</b> imported into the UK, by parties other than the vehicle manufacturers or their associated <b>national sales companies</b> , from outside the <b>EEA</b> , being cars that have not been issued with an <b>EC certificate of conformity</b> . Appendix 3.1 explains how these vehicles are registered, under the <b>SVA</b> scheme, without such a certificate.
<b>HHI</b>	Herfindahl Hirschman Index. A measure of industry concentration.
<b>Import duty</b>	The charge (10 per cent at the time of this report) levied under the <b>EC</b> common external tariff on cars imported into the UK from sources outside the <b>EEA</b> .
<b>Inter-brand competition</b>	Competition between <b>suppliers</b> or <b>dealers</b> in selling different brands or <b>marques</b> of <b>new car</b> .
<b>Intermediary</b>	A person acting as agent in the purchase of a <b>new car</b> . See also <b>authorized intermediary</b> .
<b>Intra-brand competition</b>	Competition between <b>dealers</b> in selling the same brand or <b>marque</b> of <b>new car</b> .
<b>JAMA</b>	Japan Association of Automobile Manufacturers.
<b>LHD</b>	Left-hand drive. See <b>RHD/LHD</b> .
<b>List price</b>	The price set and quoted by the <b>supplier</b> of a <b>new car</b> . List prices may be pre-tax (ie before VAT and any other tax on car purchases) or post-tax. The post-tax list price is often called the recommended retail price. List prices include <b>import duty</b> (if appropriate) but not <b>on-the-road charges</b> .
<b>Make</b>	Another term for <b>marque</b> .
<b>Manufacturer's franchised network</b>	The <b>dealers</b> and sub-dealers in the <b>EEA</b> authorized directly or indirectly by the manufacturer or its <b>national sales company</b> to sell the cars which it manufactures. See also <b>supplier's franchised network</b> .
<b>Margin, dealer's</b>	The difference between the price paid by a <b>franchised dealer</b> to the <b>supplier</b> of a <b>new car</b> and the <b>list price</b> (net of tax), sometimes known as the <b>supplier's discount</b> . Does not include <b>bonuses</b> for the achievement of sales targets.
<b>Margin, dealer's departmental</b>	The (eg <b>new car</b> ) departmental profit (after deduction of all direct costs related to that department but before deduction of indirect costs and unallocated overheads) expressed as a percentage of the department's turnover.

<b>Margin, dealer's gross</b>	The difference between the price at which a <b>new car</b> is actually sold and the cost to the <b>dealer</b> of acquiring it from the <b>supplier</b> , expressed as a percentage of the sale price.
<b>Margin, dealer's net</b>	The net profit before interest and tax for the whole <b>dealership</b> , expressed as a percentage of its turnover.
<b>Marque</b>	The name of the brand of a car.
<b>Median</b>	The 50 per cent <b>quartile</b> .
<b>Model range, model, model variant, variation</b>	Progressively more detailed definitions of a type of car made by a particular manufacturer. Taking a red Ford Escort 1.3L, three-door as an illustration: Escort is the model range; L is the model; three-door is the model variant; and the colour red is a variation.
<b>National sales company</b>	The company which distributes a manufacturer's <b>new cars</b> to <b>franchised dealers</b> in a particular country. It can be the manufacturer itself, a subsidiary or associate of the manufacturer, or an independent company.
<b>Nearly-new car</b>	A young used car. There is no commonly agreed precise definition of this term. All parties include within the meaning of the term <b>pre-registered</b> cars with delivery mileage only. Some also include cars up to six months old with low mileage, whilst others apply the term to cars up to 12 months old regardless of mileage.
<b>New car</b>	A car that has not yet been <b>registered</b> .
<b>NFDA</b>	National Franchised Dealers' Association, part of the <b>RMI</b> .
<b>Non-private car</b>	A car bought by someone other than a <b>private buyer</b> .
<b>OFT</b>	Office of Fair Trading.
<b>On-the-road charges</b>	Charges met by the purchaser of a <b>new car</b> additional to the purchase price of the car itself, commonly including the <b>delivery charge</b> , number plates, the initial registration charge and the first year's <b>vehicle excise duty</b> .
<b>On-the-road price</b>	The <b>list price</b> of a car plus the standard <b>on-the-road charges</b> for the <b>model</b> in question.
<b>Option</b>	A choice of equipment or finish, eg colour, offered to the purchaser by the <b>supplier</b> which does not incur extra cost.
<b>Optional extra</b>	An item of equipment or finish which incurs extra cost. An item that is an optional extra for a less costly <b>model</b> may be included as standard in the more expensive <b>models</b> in that <b>model range</b> . See <b>specification</b> .
<b>OTR</b>	On-the-road.
<b>Over-allowance</b>	The offering by a <b>dealer</b> to a customer of a price higher than the market price for a <b>used car</b> offered in <b>part-exchange</b> for a <b>new car</b> . Also the amount by which the offered price exceeds the market price.
<b>Parallel imports</b>	<b>New cars</b> imported into the UK, by parties other than the vehicle manufacturers or their associated <b>national sales companies</b> , from other <b>EC</b> member states. The expression applies only to cars which have been issued with an <b>EC certificate of conformity</b> .
<b>Part-exchange</b>	A commercial arrangement in which a customer offers to a <b>dealer</b> a <b>used car</b> as part of the consideration for the purchase of a <b>new car</b> .

<b>PDI</b>	Pre-delivery inspection.
<b>Pre-registration</b>	The <b>registration</b> of a <b>new car</b> by a <b>supplier</b> or <b>dealer</b> before its sale to a customer.
<b>Private buyer</b>	A person who buys a <b>new car</b> entirely at his/her own expense and wholly for private use. See <b>business, fleet</b> and <b>non-private car</b> .
<b>Product segment</b>	A category of car. Segments are defined mainly by reference to size but also by purpose and type of customer.
<b>Quartiles</b>	The points in an ordered distribution of values below which 25 per cent, 50 per cent and 75 per cent of the results lie. Half the results thus fall between the 25 per cent and 75 per cent quartiles.
<b>RAC Foundation</b>	RAC Foundation for Motoring Limited.
<b>Registration</b>	A vehicle has to be registered when its first <b>vehicle licence</b> is issued. This function and the issue of <b>vehicle licences</b> are performed by <b>DVLA</b> and <b>DVLNI</b> . Vehicles are required to be registered in the name of the keeper of the vehicle.
<b>Residual value</b>	The market price of a <b>used car</b> , sometimes expressed as a percentage of its <b>list price</b> when new, at a specified time after its first <b>registration</b> .
<b>Retail buyers</b>	<b>Business</b> and <b>private buyers</b> taken together.
<b>Retailer</b>	A <b>dealer</b> other than one contractually bound by an <b>SED</b> agreement.
<b>RHD/LHD</b>	Right-hand drive/left-hand drive: the side of the car on which the steering wheel is located, looking forward from the driving seat.
<b>RMI</b>	Retail Motor Industry Federation Limited (formerly the Motor Agents' Association). See also <b>NFDA</b> .
<b>RPI</b>	Retail price index.
<b>RPM</b>	Resale price maintenance.
<b>RRP</b>	Recommended retail price. See <b>list price</b> .
<b>Sale-or-return agreement</b>	An agreement, ancillary to a <b>dealer agreement</b> , under which ownership of a <b>new car</b> held in stock by a <b>franchised dealer</b> remains with the <b>supplier group</b> . Because, in general, a <b>dealer</b> does not own the <b>new cars</b> that it holds in stock, this facilitates the exchange of cars between <b>dealers</b> in the same <b>supplier's franchised network</b> to meet customer demands and reduces the <b>dealer's</b> working capital requirements. Risk, however, is with the <b>dealer</b> .
<b>SED</b>	Selective and exclusive distribution.
<b>Selective distribution</b>	A regime under which a <b>supplier</b> selects the <b>dealers</b> to which it will supply <b>new cars</b> and prohibits them from reselling to persons other than end-users or other <b>dealers</b> within the approved network. The <b>dealers</b> thus selected are called <b>franchised dealers</b> .
<b>SMMT</b>	Society of Motor Manufacturers and Traders Limited.
<b>SMTA</b>	Scottish Motor Trade Association.
<b>Solus dealership</b>	A <b>dealership</b> which sells <b>new cars</b> exclusively of one <b>marque</b> .
<b>Specification</b>	A comprehensive itemized technical definition of a car.

<b>Supplier</b>	A manufacturer or importer of <b>new cars</b> supplying the UK market.
<b>Supplier group</b>	The interrelated group of companies of which a <b>supplier</b> forms part.
<b>Supplier's franchised network</b>	The <b>dealers</b> and sub-dealers in the UK authorized directly or indirectly by the <b>supplier</b> to sell the cars it supplies. See also <b>manufacturer's franchised network</b> .
<b>SVA</b>	Single vehicle approval. See Appendix 3.1.
<b>Territory</b>	The geographical area within which a <b>franchised dealer</b> is appointed to operate by a <b>supplier</b> . See also <b>exclusive distribution</b> .
<b>Trade-in</b>	A <b>used car</b> offered to a <b>dealer</b> in <b>part-exchange</b> for a <b>new car</b> .
<b>Transaction price</b>	The actual price paid by the purchaser of a <b>new car</b> net of discount and any <b>over-allowance</b> on a <b>trade-in</b> . It does not normally include <b>on-the-road charges</b> or the value of <b>financial benefits</b> .
<b>Trim</b>	Minor <b>specification</b> items of a decorative nature, or relating to comfort or convenience.
<b>Type approval</b>	See Appendix 3.1.
<b>Used car</b>	A car which has been registered.
<b>User-chooser</b>	A user of a <b>company car</b> who is able to choose which <b>model</b> the company provides for him/her.
<b>VAT</b>	Value added tax (17.5 per cent in the UK at the time of this report).
<b>Vehicle excise duty</b>	The duty payable on the issue of a <b>vehicle licence</b> . The duty payable on a 12-month licence is currently £155 for cars with engines over 1.1 litres and £100 for cars with engines up to 1.1 litres.
<b>Vehicle licence</b>	A vehicle licence is required for a motor vehicle if it is used or kept on a public road (subject to exemptions, eg for the vehicles of overseas visitors). See also <b>vehicle excise duty</b> .
<b>Vehicle Register</b>	The register of motor vehicles in the UK maintained by <b>DVLA</b> and DVLNI. See <b>registration</b> .
<b>VERs</b>	Voluntary export restraints: a regime of quantitative restrictions on the import of Japanese cars and <b>commercial vehicles</b> into the UK, certain other <b>EC</b> countries and the <b>EC</b> as a whole. The restrictions, which were lifted from the beginning of 2000, did not apply to vehicles assembled by Japanese-owned companies in the <b>EC</b> .
<b>Vertical agreement</b>	An agreement between undertakings at different levels in the supply chain, eg a manufacturer and a retailer.
<b>V55</b>	The form on which the seller of a <b>new car</b> (normally a <b>franchised dealer</b> ) has to record details of the sale for the purpose of the car's <b>registration</b> by the <b>DVLA</b> .
<b>Warranty/extended warranty</b>	A contractual undertaking, given at the time of sale by a <b>supplier</b> to the purchaser of a <b>new car</b> , that if certain faults develop in the car during a defined period they will be rectified free of charge subject to certain conditions. An extended warranty offers similar assurance over a further period, but is conveyed by an insurance company, usually at a charge to the buyer of the car. Increasingly, <b>suppliers</b> and <b>dealers</b> also offer warranties on <b>used cars</b> .