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WHY DEMAND IS DEMANDING NEW RESEARCH IN MESO-ECONOMICS? THE CASE OF THE AUTOMOTIVE INDUSTRY

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While recent regulatory changes may appear to have had little direct impact on the used car market, they are clearly of great importance to the spare parts and service and repair markets. Initial debate focused solely on the problem of new car sales but, from the end of 2000, the different interest groups and, in particular, the European Commission turned their attention to the famous "natural link" between sales and after-sales service that was finally, in principal, significantly 'loosened' if not entirely broken.

One of the stronger arguments that was used to contest the 'naturalness' of this link between sales and after-sales was the very clear difference between its persistence in the market for new cars and its relative unimportance in the case of used car sales. Both buyers and professionals in this used car market – representing a vastly higher level of sales than the new car market – are happy to operate in a system whereby the sale and after sales service are separate. Buyers do not expect the seller of a used car to have repaired or serviced it in the past, nor do they expect the seller to be responsible for future repair and service. The seller or the provider of the after sales guarantee limit their engagement to recommendations in terms of parts or suggestions for recommended repair outlets but clients are not sent back to the dealerships representing the brand of car that they have been sold.

At a more general level, the study of the markets in this paper and their evolution will allow us to examine the automobile world from both a supply and demand perspective in a way that is both more realistic and more open to the variety of current practices than is typically the case when discussion is limited to the market for new cars and related issues of interest to car manufacturers and their dealerships. In contrast to the new car market, the used car market and the markets for spare parts and repair services are not dominated by manufacturers. The presence of divergent interests and the relative marginalisation of manufacturers is clearly evidence that alternative operators have come up with proposals that correspond to a growing number of households for whom the car manufacturers' offer appeared fundamentally inappropriate.

In part I of this paper, the ways in which households acquire cars will be analysed to highlight the growing importance of the purchase of used cars and, in particular, older used cars. This analysis will be used to extend our perspective on the industry based on "usage systems" (Jullien, 2002), the main elements of which are summarised in part II. Finally, in Part III of the paper, linking our greater understanding of usage systems with the evolution of revenue distribution allows for the formulation of a series of hypotheses and suggestions for new research fields to broaden the analytical framework developed by the GERPISA model.

I – THE EVOLUTION OF CAR PURCHASING BEHAVIOUR BY HOUSEHOLDS - GROWTH AND IGNORANCE OF THE SHARE OF USED CARS

Since the middle of the 1990s, professionals in the automobile market have been showing renewed interest in the used car market. This is in sharp contrast with the period prior to this time when the organisational logic that dominated in automobile distribution channels was one where the primary role was seen to be that of selling new cars. Used cars were seen as a type of "necessary evil" that existed because it was necessary to buy a client's old vehicle in order to sell a new one. In the used car market, the dealerships were thus only involved with a small proportion of total market transactions, they did not develop any commercial concepts targeted at a used car clientele and they struggled to be profitable in this part of their business. They left it up to others to target these parts of the car market and ended up also losing the relevant motoring households in terms of after-sales service and spare parts (Jullien, 2003a).

The growing interest afforded to used cars led to a number of commercial initiatives and organisational innovations indicative of an implicit desire on the part of manufacturers to address these market segments that had traditionally eluded them and that were growing in importance. A more careful examination shows that this is, in fact, not the case and that the segment of the market that attracts their attention has remained very limited. To explain this in detail, we will examine the used car landscape more closely by looking firstly at the background that is provided by the existing park of vehicles in circulation (in part 1.1) before describing (in part 1.2) the more visible foreground of supply and demand, both of which are typified by strong heterogeneity.
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I.1. / The markets for used cars

Used car volumes are currently twice those of new car sales. While relatively easily accessible, the breakdown of this market is rarely examined in detail, probably due to the fact that there is no single structured professional group interested in this market. On the one hand because of this lack of interest, therefore, and on the other hand because the information does not seem particularly relevant to many professionals, the structure of the used car market is not well understood. However, if we take the example of the French market and look closely at the available statistics, it is possible to gain a clearer understanding of the behaviour of the used car market that should be easily extended to examine other markets for specific vehicles, models and countries.

I.1.1. – Volumes and market structures

As the following table shows, the volume of used cars sold in different European countries is not easily explained either in terms of the overall size of the automobile park or in terms of absolute sales. The varying ratio for used cars to new cars and the differences in used cars as a proportion of the total automobile park indicate that the relative importance of the used car market is very different from country to country. The differences in behaviour across countries that can explain such diversity include the fact that in some countries cars "change hands" far more rapidly than in others. These types of behaviours need to be explained more fully if we are to understand such international differences in the used car market.

Table n°1. - *Transactions and parks in Europe in 1998*

	Germany	UK	Italy	Spain	Belgium	Sweden	France
New car registration (m)	3.73	2.25	2.37	1.19	0.45	0.25	1.94
Used car registration (m)	7.45	8.2	2.93	1.51	0.68	0.28	4.68
Automobile park (m)	41.3	21.9	30.7	15.6	4.4	3.8	26.8
Ratio used cars/new cars	2	3.8	1.2	1.3	1.5	1.1	2.4
Used cars/total park	18 %	37.5 %	9.5 %	9.7 %	15.5 %	7.3 %	17.5 %

(source : CCFA. 1999)

For example, analysing different models of categories of vehicles highlights the fact that, for one hundred cars sold in year 'n', it is possible to find the number of cars still in the hands of the original owner in year 'n+1' (between 80 and 50) or 'n+2' (between 50 and 30). Such analysis can be continued to follow a car's passage from second hand to third hand and so on, and, in doing do, it is possible to distinguish between different forms of car ownership for different types of car in a way that is hidden when aggregate data is used.

Although less readily available, information concerning the value of the transactions concerned need to be associated with data concerning volumes. In general terms, what is striking in the French case is the strong disproportion of average unitary value of used cars compared to new cars. This can be explained by the fact that the majority (approximately 60%) of used cars sold in France were over five years old, an age at which cars have lost on average over 70% of their value. This is a fairly clear indication that the populations buying a used car and a new car are different (with the exception of those households buying an almost new or very recent used car) and that they need to be approached in a distinctively different manner automobile professionals.

This link between volume and value is also worthy of further examination at a more disaggregate level. All other things being equal, rates of depreciation in relation to various models and ages should be higher in those countries where rotation is higher as this generates a more abundant supply of vehicles. This is the reason, for example, why some vehicles have a reputation for losing little of their value. These vehicles, in fact, tend to have a lower 'turnover' of ownership as their owners tend to keep them for longer, thus generating a higher rate of demand in relation to a limited supply at each age. Of course, all things are never equal, and the reality of used car markets is more complex and such differences can also be explained in part by the intrinsic qualities and reputations of the vehicles concerned. Nonetheless, it is likely that the professionalisation of the used car market will lead to a richer understanding of these phenomenon – one comparable to that which exists in the new car market.

I.1.2 – Factors explaining the evolution of the used car market

The first step in understanding the evolution of the volumes and the structure of the use car market is to analyse the nature of the existing used car park. What is sought is an understanding of how the filter of ownership behaviour leads to different levels of transactions at different ages and for different models of car or different categories.

The French automobile park, for example, is growing by 2 to 3 percent per annum and is ageing. The average age of the car owned by a French household has increased from 5.8 years in 1980 to 7.5 years in 2000 and is going to be over 8 years in 2005. This corresponds to a total number of new cars registered (roughly 2 million) which is not matched by the number of cars withdrawn from circulation (1.5 million), as the age of such cars is tending to increase (from 12.5 years).

This development has gained momentum since the beginning of the 1990s, and French industry experts explain that it is, in part, due to the fact that the proportion of diesel-fuelled cars has increased from 5 percent in 1980 to 40 percent in 2003 and that this has compensated for the reduction in market share of more powerful and durable vehicles. In addition, the reliability of automobiles has improved, French families are increasingly multi-car households, which spreads their mileage over several vehicles, and the introduction of a regulatory requirement for regular technical controls (MOT) has improved the servicing of cars on the road. These factors combined mean that the increased demand for motorization can be met without needing to buy as many new cars as in the past. Since 1980, while new car registration have fluctuated between 1.8 million and 2.3 million, car ownership has increased from a figure of 355 per 1,000 in 1980 to 416 in 1990 and 476 in 2000. The above explanation of this evolution by industry experts can, however, be contested by observing the impact of income distribution, as will be outlined in part III.

As this automobile park is the basis for used car sales in France, it is logical to expect the average age of used cars bought and sold to have increased also and to imagine a growing disparity between the average unitary value of a used car and a new car. However, recent vehicles are still over represented, with cars of less than 5 years representing only 35 percent of the park but 40 percent of the transactions, and, as a result, the average age of used cars sold in France remains below that of the overall French automobile park.

However, the activity that goes on in a given automobile park can be very different depending on the retention behaviour of car owners. This is highlighted by the significant differences that can be found between the French and British used car markets, which otherwise have relatively similar parks and registration levels. It turns out that it is extremely important to differentiate between household and firm ownership of cars in terms of car registration, the overall park and the used car sales, particularly in relation to the sale of recent used cars. A combination of different sources allows for a comparison across five large European countries of private versus fleet ownership of cars in the late 1990s, as shown in table 2.

Table n°2. - *new car market structure – percentage of fleet sales*

Pays	Italy	France	Spain	Germany	UK
Fleet sales	30 %	35 %	40 %	43 %	64 %
Sales to individuals	70 %	65 %	60 %	57 %	36 %

Source: Autopolis/ICDP

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For France and the UK, what are called direct sales (to firms) represented 38 percent and 65 percent respectively in 2001. Given that these cars "are not kept for long but are driven a lot", as the CCFA points out, it is reasonable to assume that, all other things being equal, the more of such cars there are available, the lower will be the proportion of new cars bought by households and, subsequently, the more active will be the used car market.

Statistics available for France support this hypothesis. The ratio of new car sales to the total park is 36 percent for firm purchases and 5 percent for household purchases. This is thus the first explicatory factor in relation to detention rates and the relative importance of the used car market in proportion to the total automobile park. It allows us, on the one hand, to understand international differences and, on the other, differences between models: in both cases, increasing the proportion of new cars sold to firms will lead to an increase in vehicle rotation in the vehicle's early years and a relative abundance of used cars offered for sale.

However, this phenomenon that is relatively important for recent used car sales, does not suffice to explain the significant differences between countries in terms of the relationship that is built up between volumes of used cars and volumes of new cars sold. In the French example, it emerges that vehicles acquired by firms and resold quickly represent approximately 37 percent of the market for used cars of less than five years of age but less than 15 percent of the total used car market. In the English case, these same vehicles account for 39 percent and 18 percent respectively. Similarly, in other countries such as Spain and Germany, where fleet sales represent roughly 40 percent of new car sales, their importance in the used car market is nonetheless lower than it is in France.

It is thus necessary to integrate the households who buy new cars and whose importance in this market varies across European countries from 70 percent in Italy to 35 percent in the UK. These buyers, by increasing or reducing their retention behaviour, can also generate greater or lesser user car markets. Thus in France in 2000, households acquired a total of 6.25 million cars – both new and used - and owned a total of approximately 26.5 million according to the CCFA (2001). Comparing total park ownership to the number of transaction, we can measure the average period of individual car ownership in France in 2000 at 4.25 years. The same calculation for the UK gives rise to an average period of retention for households of less than 3 years.

These differences relate to « usage systems » of unsimilar vehicles that are coherent with the available facilities and/or varying levels of administrative and legal difficulties in relation to changing vehicles and/or the alternative structures available for negotiating sales of used cars. From this perspective, in France the system is organised to provide an average rotation of cars while the UK has both a legislative framework and a commercial structure for used car vehicles that allows for rapid rotation. The Italian and Spanish cases are examples of the opposite extreme whereby rotation tends to be slow.

What is true for these international comparisons is also true, within any given country, for comparisons between different models of car.

I.2. / Heterogeneity of supply and demand

The very great differences in outward appearance of the used car markets that emerges from a statistical analysis of volumes is doubly evident if one looks closely at how these markets are structured and treated – or not – by different categories of operators. While the supply side of used market is a relatively active business in which the manufacturers' dealerships co-exist with specialist operators both of which are relying to a greater degree on a growing number of commercial and technical structures of different types that are becoming more professionalised. They continue, however, to ignore an important segment of the market that we have just described, in which we find the old and very old vehicles that are ageing the French automobile park

I.2.1 – the supply side

Although the statistical information concerning the sales channels for used car sales are far less reliable and precise than those describing the volumes and market structure for models and years, it is possible to identify the market shares represented by the three principal channels that are: the manufacturers' dealerships, the professional used car channels and direct sales, generally based on the medium of small ads. In France, these channels represent respectively 35 percent, 15 percent and 50 percent. Naturally, these different channels are not represented to the same degree for different types of cars and what competition there is that exists between them is limited by a strict division of labour among the various actors. In the used car market, which is essentially a market whereby individual sellers sell to individual buyers, the manufacturers' dealerships have taken on the sale of the more recent vehicles, leaving it up to the many specialists in the non structured sector of used-car sales to provide an alternative offering for households looking to buy older cars.

The manufacturers' dealerships have much experience in dealing used cars, having realised the commercial potential of taking on a buyer's used cars as part of a new car sales. In addition, when this problem arose for the first time - in the 1920s in the US (Bardou et al., 1977 ; Tedlow, 1990) and in the 1960s in France (Loubet, 1995) – the markets were still dominated by first time buyers and the used cars available were seen as an opportunity to entice into the motoring population those households unable to purchase a new car. It is noteworthy that the dealerships were being developed at the same time as the need to deal with used cars was being recognised. In these pioneer years, the manufacturers were taking the used car markets very seriously and were vigorously encouraging their dealers to develop it both as a means to sell new cars and as a way to increase access to motorization.

However, it appears that once the "negotiation of used cars" function was written into the genetic make-up of their dealers and agents, the manufacturers lost interest in the issue, apparently believing that the problem – or opportunity – for the distribution channel to manage (Jullien, 2001a). With nothing for them to be won or lost in the deals struck by their representatives in the dealerships, manufacturers focused on other things. The used car sales function thus became somewhat marginal and was left up to the dealerships themselves. Thus, used car purchases consisted mainly of cars bought to win a new car sale and dealers simply tried to get the best price possible for the cars they acquired by selling to clients who could not buy a new car, even when a significant amount of waiting was involved. The sales force was rarely assigned specifically to this task and the preparation and restoration of used cars was usually carried out in spare time left over when 'normal' activity had been completed. The relatively poor financial and commercial results of used car sales was also a problem left to the sales channel that was often willing to accept very significant inventory times for used cars in an attempt to improve gross margins.

In this context, the supply of used cars in dealerships was largely dominated by trade-in cars bought from new car buyers. To the extent that new car buyers are generally the more well off categories of the population who change their car regularly, the used cars sold in this channel also tend to be relatively recent. When the cars traded in were older models and potentially harder to sell, they tended to be sold on by dealers to 'car merchants' who resold them to specialist used car dealers.

I.2.2 – the demand side

As the quantitative distribution of household purchases of vehicles shows for France, the demand for used cars is far more important in terms of volume than the demand for new cars. There is thus a major gap between the reality of automobile consumption that emerges from an analysis of motoring spending and the way in which it is presented by professionals in the industry and, in particular, by the manufacturers' dealerships. From the manufacturers' perspective – as distinct from that of their dealerships – the demand for used cars is potentially a problem in so far as it may encroach on the demand for new cars. This happens when the used car is viewed as a substitute for a new car to be used in the same way and requiring a similar amount of investment that would be required to purchase a new car. While this is a reasonable possibility and has been growing in significance as a commercial proposition for the past ten years, it is not generally valid when the purchase of a used car is being considered. For most motorised households, a used car purchase is the alternative when a new car purchase is beyond their means.

I.2.2.1 – a substitute for buying a new car

Studies of such comparisons and, in particular in France a regular survey carried out by SOFRES for car manufacturers, have show a relatively limited overlap between household purchases of new and used cars. The results show where there is hesitation or switching behaviour on the part of households who at times buy a new car and switch to a used car or vice versa. Thus, it is estimated that for every 100 households in the market for a replacement vehicle, 20 to 25 percent are already new car buyers and remain as such, 50 to 55 percent were used car buyers and remain as such and the remaining quarter switch from one category to another. Among this final group, a small majority switch from being used car buyers to new car buyers but over 10 percent of households changing their cars switch from a new car to a used car, in order to move up-market in one third of the cases studied.

In terms of the replacement of new cars by used cars in a country such as France, where households buy and sell approximately 5.5 million vehicles, the overlap is thus calculated at somewhat less than one million purchases.

Clearly, the used cars with potential to replace new car purchases are recent used cars and the competition they represent is becoming more direct, to a large degree due to two main product policies undertaken by the car manufacturers themselves. One of these is the credibility now afforded to recent used cars due to their increased quality and enhanced reliability. In addition to the confidence this affords the buyer, this development also makes it feasible for sellers and for distribution channels who are natural sources of these products to offer guarantees for their used car sales, offering almost as much security to the buyer of a used car that they du to the buyer of a new car.

In addition in the last ten years, manufacturers have also strongly developed their direct sales linked mainly to buy back contracts. They have thus themselves become important sellers of recent and very recent used cars which they are anxious to sell through their dealership channels – in the same outlets they are already promoting and selling their new cars. To this end and given their commercial know-how, manufacturers have systematically put together used car sales programmes in which the major selling point is that these used cars are "as new", just as reliable and easily financed as a new car purchase with the same guarantee – in essence, these used cars end up being sold to the same clientele as new cars.

I.2.2.2 – an alternative to new cars

While the growing substitutability of used cars for new cars that they have contributed to creating is attracting a lot of attention from car manufacturers, it is only part of the story. Overall, the very large majority of used cars are sold for amounts that clearly differentiate the demand for used cars from that of new cars. To make a useful comparison, we first remove the used car transactions involving very recent (< 3 years) used cars for which the depreciation is valued at around 40 percent and which represent the 20 to 25 percent of transactions that are the "overlap" mentioned above. The average transaction value of the remaining three-quarters of transactions is less than 15 percent of the average value of a new car purchase. Clearly, the figures are so disproportionate for the majority of used car sales that they can not be seen as substitutes for new cars. Neither can used car sales be described as the same demand satisfied differently – it is truly an alternative form of demand.

While this alternative demand amounts to almost 4 million individual car sales per year, it benefits from no specific business structure supported by the operators who make up the business and suffers from a paucity of knowledge that does not permit industry actors to identify real market opportunities and develop adapted offerings to take advantage of them. Nonetheless (as we will see in part II of this paper), for a very important proportion of households, the ownership and running of an automobile is a spending obligation that is not matched by anything on offer from professionals. These households have subsequently been obligated to invent a specific sub-system for consumption that is on the margins of the structured automobile market and in which traditional car marketing has little meaning. In reality, the marketing of new cars is concerned with products and services that these households may encounter in five to ten years when the new cars have moved on to become second-hand, third-hand or fourth-hand purchases. By this time, their initial characteristics will have become significantly altered through wear and tear and service and repair work will have long since been done by garages outside of the official dealership network.

In addition, these households' car-related spending is dominated by spending related to use (see part II) and their choice of car is based on a desire within a given spending bracket, to limit the risks of further outlay by seeking out a good relationship with a car repair outlet or buying a solid reputable product. Unlike new car buyers, they are not choosing between car brands or models based on their image.

II - THE VALUE OF A PERSPECTIVE ON PRODUCTIVE SYSTEMS THAT INCLUDES USAGE PATTERNS

It becomes clear from examining French data that the majority of automobile expenditure is not destined for car manufacturers and their network of dealers but to other operators. Thus, in 1995, French households only spent 30% of their automobile expenditure on the purchase of new cars, representing sales of 1.6 million vehicles. In the same year, almost three million used cars were purchased. In the English case, the figures were 920,000 and 5.6 million respectively.

Faced with such figures, it appears useful to analyse these different types of car consumption patterns from statistical data and to try to understand how they not only co-exist but the extent to which they are interdependent. In doing so, it is necessary firstly to integrate an overview of the markets for used cars, as they are representative of how users consume the product throughout its lifetime. Consequently, we will look closely at the structure of the range of automobile products and services on offer as this is related in two ways to the usage systems. On the one hand, what is offered is based to a degree on the usage patterns as well as on the market and profitability opportunities. On the other hand, by offering various types of services and products at different prices, these offerings contribute to define the structures of the usage systems that are developed by different types of households to manage their motoring needs.

II.1 Automobile Usage Systems

Our first step is to use expenditure surveys to compare the manner in which the poorest households use automobiles with that of the richest households. Table I shows the main elements of expenditure for France in 1995.

These two series of indicators clearly highlight two different systems of automobile usage and indicate how these two groups of consumers address what has become a social and economic requirement in most large countries to own one or several cars.

In the first column outlining the expenditure of the lowest income quintile, by far the most significant element of the car-related spending of car-owning households is accounted for by the costs of using the vehicles (primarily petrol and repairs). Car purchase is not common, representing one car for each five households with cars, which reflects the fact that the cars purchased are kept for a long time. Purchases for this quintile are also mainly of second-hand cars, with 4.5 times more used cars purchased than new cars. The car consumption we see in this household can be typified as the purchase of a second-hand car that is usually old and heavier in fuel-consumption than more recent models. It is more likely to be in poor repair and will not be likely to be covered by a guarantee as many of the purchase transactions are made between individuals.

Table n° 3. - *Automobile expenditure of French households from the top and fifth quintile in France in 1995*[1]

	Poorest 20%	Richest 20%
Number of new vehicles acquired	115 000	581 000
New cars as a proportion of household expenditure (volume)	7,1%	35,6%
Average unit value of new cars purchased (in French Francs)	73 200	94 700
Total value of new cars purchases (in FF million)	8418	55021
New cars as a proportion of household expenditure (value)	6,0%	38,9%
Number of used cars purchased	519 000	545 000
Used cars as a proportion of household expenditure (volume)	17,7%	18,5%
Average unit value of used cars purchased (in FF)	21 000	57 800
Total value of used cars purchased (in FF million)	10899	31501
Used cars as a proportion of household expenditure (value)	9,9%	28,5%
Total number of purchases	634000	1126000
Number of purchases per household	0,134	0,238
Ownership rates	66,0%	89,0%
Value of new car purchases per household in FF	2754	13349
Value of new used purchases per household in FF	3566	7643
Total value of purchases in FF for car-owning households	6320	20992
Fuel purchase per car-owning household in FF	6500	8201
Other car usage costs per car-owing household in FF	3644	5099
Budgetary co-efficient of motoring expenditure		
For car-owning families	14,1%	11,0%
STRUCTURE of MOTORING EXPENDITURE		
	Poorest 20%	Richest 20%
New car purchases	16,7%	38,9%
Used car purchases	21,7%	22,3%
Petrol	39,5%	23,9%
Other usage costs	22,1%	14,9%

(Based on INSEE Household Budget Survey, 1995)

[1] The quintiles are numbers according to household income: Q1 corresponds to the poorest 20% of households and Q5 to the richest 20%.

In the second column outlining the expenditure of the highest income quintile, the opposite characteristics emerge. More than one in two households in this quintile acquire new cars and overall they buy more cars per annum than the households in the bottom quintile do, with one purchase being made for every 3.5 car-owning households. This indicates that they have more cars overall and are more likely to be multi-car owning households but also reflects the fact that they buy new cars or 'recent used-cars' and that they replace them more often. This is further underlined by looking at the breakdown of sales of French cars in 1995, where we see that one third of cars sold to private or professional users began their life in these households. These cars are insured on a 'fully comprehensive' basis and thus involve relatively high usage costs, outside of fuel consumption. They tend, however, to require little investment in repair as newer cars are less likely to break down and because they are generally still under guarantee from the manufacturer. In terms of fuel consumption, these households have a relatively lower outlay than the households in the poorest quintile. This is reflected in the fact that the spending on fuel for this quintile is only 25% higher despite the fact that they have more cars and that they do far more mileage than the poorer quintile.

This general overview of the structure of household expenditure across different income categories shows that different forms of access to motorization co-exist and that these may be in stark contrast, as is the case in a society like that of France. This implies that the presence of automobile manufacturers in the system, which is felt primarily through the sale of new cars, only concerns a minority of car-owning households. The majority of households are thus not directly affected by the policies of these firms and their dealership networks. The minority that are affected are, in reality, benefiting from the manufacturers' pricing policies and the economic system in place in their networks as well as from fiscal policies. This minority is made up of the country's richest households. It is mainly their cars and those bought commercially[2] that eventually find their way into the hands of households in lower-income brackets. These lower-income households, who hold on to their older cars for longer, are thus the main clients for spare parts and car repair. One consequence of this distinction is that the expenditure of the richer households is relatively controlled and secure while the spending of poorer households on cars is relatively larger and far less predictable.

Although the evolutions are very complex and ambiguous, the share of used vehicles in household purchases has clearly increased significantly, especially for the poorer quintiles (Table n°4). As can be seen in the figures for average values of new and used cars bought in terms of "months of household revenue", new cars clearly remain too expensive for poorer quintiles and used cars are then the only reasonable way to become motorised. As carmakers seem unable to develop a supply suited to these income levels, the households in question have developed their own usage systems and by buying cars outside of the dealer networks.

[2] The market for fleet sales is complex and the nature and importance of such sales vary significantly from one country to another. For the French market, which is being analysed here, fleet cars are mainly bought by car rental companies. They thus do not directly affect the consideration of rich v. poor quintiles, as may be the case in the UK, for example, where executives commonly benefit from a company car as part of their compensation package (Froud et al, 2000).

Table n° 4. - *Automobile expenditure of French households for the five quintiles in France in 1979, 1989 and 1995*

		Q1	Q2	Q3	Q4	Q5	Ensemble
Households Incomes (FF)							
	1979	27181	43255	57100	73932	123601	68529
	1989	63405	93190	125251	160510	257694	141878
	1995	76783	114405	145125	188990	307967	146742
Number of new vehicles acquired (thousands)							
	1979	97	181	249	384	489	1400
	1989	138	168	271	356	733	1666
	1995	115	198	306	431	581	1630
Number of used vehicles acquired (thousands)							
	1979	243	339	427	453	372	1833
	1989	419	477	627	630	641	2796
	1995	519	651	624	599	545	2938
Ratio Used/New V.							
	1979	2,5	1,9	1,7	1,2	0,8	1,3
	1989	3,0	2,8	2,3	1,8	0,9	1,7
	1995	4,5	3,3	2,0	1,4	0,9	1,8
Used Vehicles shares in total number of cars acquired							
	1979	71,5%	65,2%	63,2%	54,1%	43,2%	56,7%
	1989	75,2%	74,0%	69,8%	63,9%	46,6%	62,7%
	1995	81,9%	76,7%	67,1%	58,2%	48,4%	64,3%
New cars as a proportion of household expenditure (volume)							
	1979	6,9%	12,9%	17,8%	27,4%	34,9%	
	1989	8,3%	10,1%	16,3%	21,3%	44,0%	
	1995	7,1%	12,1%	18,8%	26,4%	35,6%	
Average unit value of new cars purchased (in French Francs)							
	1979	28,5	28,5	30,0	28,4	31,7	29,9
	1989	80,0	72,8	75,3	73,4	85,7	80,0
	1995	73,2	77,7	77,4	90,4	94,7	86,7
Average unit value of new cars purchased ("months of household revenue")							
	1979	12,6	7,9	6,3	4,6	3,1	5,2
	1989	15,1	9,4	7,2	5,5	4,0	6,8
	1995	11,4	8,2	6,4	5,7	3,7	7,1
Average unit value of used cars purchased (in French Francs)							
	1979	7,9	9,2	10,6	11,3	13,8	10,8
	1989	23,2	24,5	26,7	34,5	44,5	31,3
	1995	21,0	30,1	34,6	44,8	57,8	37,6
Average unit value of used cars purchased ("months of household revenue")							
	1979	3,5	2,6	2,2	1,8	1,3	1,9
	1989	4,4	3,2	2,6	2,6	2,1	2,6
	1995	3,3	3,2	2,9	2,8	2,3	3,1

(Based on INSEE Household Budget Survey, 1979,1989, 1995)

II.2 The Automobile 'Offering' in the Context of Usage Patterns

The way in which such usage systems and their interdependencies impact on the structure of demand that emerges in the marketplace is of interest to a range of automobile professionals: from manufacturers and their distribution networks to independents second-hand car outlets as well as specialists in automobile financing or repair. For their part, the offerings that these players structure and restructure for their markets play a role in creating the patterns of usage - in the sense that households look to them for solutions to their motoring needs, within different income constraints. The viability of the concepts that are developed in terms of products and services by different operators depends on how they fit into existing patterns of usage or how they develop a new offering by replacing an existing one.

From this perspective, the significant developments in the distribution-repair sector of mature markets can be interpreted as a result of the progressive creation of offerings targeted at a clientele that had up to this been ignored or badly treated by the manufacturers whose primary interest lay in selling new cars. The fact that the dominant practice in the industry was to subsidise new car sales from the other activities of the dealership network left a clear commercial opportunity to be exploited by new entrants. This opening was even more striking when one considers that the manufacturers were not even familiar with the target clientele and that the competencies needed to develop a suitable offering were, as yet, unknown.

The move by new entrants into this market space in the 1980s was characterised in countries such as France by the arrival and growth of 'car centres' located in shopping centres as well as of specialists in fast repair services. In the US and the UK, a network of 'superstores' for the sales of used car sales emerged, which at times offered credit terms to low-income and very low-income households (Jullien 1998). These new market developments could not truly be seen as substitutes to what was available from the manufacturers and their primary dealer network as the target clientele had long since been lost to them. They were in fact replacing the real alternatives open to such clients outside of the official market ('do-it-yourself', black market or small ads for used cars, etc.), or from independent garages or used-car sales people or from the manufacturers' secondary dealer networks. In fact, these latter professions are the ones that suffered most during the 1980s and 1990s.

There were, nonetheless, consequences for the manufacturers and especially for their dealer networks. In fact, the development of such alternative offerings highlighted the relevance of 'unbundling' strategies in the automobile arena. The impact was both commercial, as clients readily switched suppliers of individual services based on the prices on offer, and economic, as the profitability of the services delivered in this sector was extraordinary and led to the rapid development of specialised networks. Only the sector of used-car sales seemed immune to such profitable restructuring and the US and UK experiences were terminated as fairly dismal failures.

Manufacturers were also directly affected by the fact that these new outlets offered customers alternative replacement parts to the manufacturers' ones. In terms of car servicing and repair, these new entrants eventually pulled customers from the manufacturers and their networks, who subsequently lost significant market share between 1985 and 1995 (Chanaron and Jullien 1999). At the same time, insurance companies, who are the main institutional clients of the manufacturers' networks, benefited from the emergence of alternative networks by entering into contracts with them and by using them to demand the changes from the manufacturers' networks that had been impossible to negotiate up to this.

A combination of these elements triggered a series of reactions on the part of the manufacturers in the second half of the 1990s. These efforts mainly centred on 'benchmarking' of the practices of new entrants and, to a greater or lesser degree, represented a general acceptance of the principle of the 'unbundled' model that these new entrants had used (Jullien 2001b). There is an explicit desire on the part of those manufacturers who are most active in these initiatives to win back the important part of the total expenditure on automobiles that they had lost in recent years. These initiatives involve a segmentation of clients through the launch or acquisition of 'brands' that are targeted at the different usage patterns that were most attracted to 'non-manufacturer owned' sources.

The main questions raised by these developments concern their compatibility with the 'metal pushing' bias in the pricing, legal and taxation structures outlined. In reality, what manufacturers are doing by moving downstream and trying to develop competitive offerings in the area of repair, spare parts and second-hand car sales is in opposition to the system that they themselves have promoted and defended and continue to defend with greater and lesser amounts of duplicity. More generally, in attempting to plug the holes in order to re-establish their dominance, they are constantly pulled up short by the issues of price distortion endemic to their original system. For reasons outlined earlier, reductions in the costs of distribution on the part of manufacturers thus appear unlikely and a deep re-examination of the regulation more and more likely.

III – THE INTEGRATION OF DEMAND CHARACTERISTICS INTO THE ANALYSIS OF PRODUCTIVE MODELS – A CHALLENGE FACING THE DEVELOPMENT OF A POLITICAL MESO ECONOMICS

The French regulationist thinkers who are a significant inspiration for the majority of work carried out by GERPISA researchers on productive models have tended to concentrate on the capacity of the models they describe to find success in the marketplace in order to explain their success or the difficulties they face. However, the moderate link between what is on offer from manufacturers and the overall demand for motorization is not well integrated and the implicit hypothesis is that all households are potentially concerned by the offerings of manufacturers. Other than the obvious questions that could be asked concerning the evolution of that part of the market that are not concerned by what is generally available, the developments outlined above show that it is worthy of closer investigation in order to understand what has been happening to automobile firms and their offerings in the recent past.

The hypothesis made traditionally assumes an immediate link between household income and the demand for cars. This is probably because, in the Fordian structure of revenue distribution, that Lipietz calls a 'hot air balloon configuration', "the well-off, the middle classes and the lower classes have access successively at the same consumption structure, the increase of which is based on trajectories that may be staggered over time but that remain similar. The lifestyle of the engineer a few years ago become that of the technician and, in turn, will turn into that of the skilled worker who will show the way to the manual worker" (Lipietz, 1998: 24). If what Lipietz describes held more or less true during the 60s and even the 70s, the manner in which automobile firms view revenue growth as a basis for expansion and distribution as a necessary constraint to their commercial strategy is defensible.

On the other hand, however, if these configurations are becoming less valid and if what we are seeing emerging is a society with an "egg-timer" structure, the manufacturers' relationships with goods destined for household consumption may change more fundamentally. In a society with a hot air balloon configuration, the same manufacturers can develop new concepts and offerings for the more well off households and, given the scale of operations involved, they could also hope to continue to maintain a broader distribution at reduced unit costs. In an egg timer shaped society, it is far from certain that offerings developed for one type of market will be suitable for the other. In the case of the food industry, for example, the new types of product on offer (organic food or origin-controlled food) are not destined for the lower middles classes or the less well off. These products are priced at twice or four times the price of basic products and their characteristics and quality are continually being improved. Meat, vegetables and fruit that are targeted at households positioned at the bottom of the egg-timer, by contrast, are not going to change from their current state other than potential price reductions, even though they may be supplied by the same producers who are focusing on improving the up-market products.

For economists who are more interested in what really goes on in different industry so that they can understand the important transformations in economic life and what these entail, rather than simply wanting to make recommendations to managers or to get published in refereed journals, the important question that arises here is to determine to what extent firms in such industries have integrated such societal evolutions into their commercial and productive practices.

As regards the automobile industry, this set of general problems can be classified under three major headings that we will use to conclude. It may be that the evolutions described above in terms of income distribution and commercial strategies will drive automobile firms to limit their offerings to:

1. a small minority of motoring households and
2. a segment of firms mainly specialised in the purchase and resale of vehicles.

If so, and if the determinants of their profitability and the link between these determinants and certain macro-economic variables have altered, analysis such as that undertaken in the productive models of GERPISA need to integration these changes. A number of such evolutions will be outlined here, each potentially offering a research direction in political economy sectoral studies.

III.1. The demand facing firms, changes in demand and how these are integrated into productive models.

The first change concerns the very nature of demand faced by firms and the significant break with the past that a concentration on a proportion of between 10 and 20 percent of households would imply for car manufacturers. In effect, in this new scenario, the status of the car industry as one of mass production would be undermined and the commercial and productive challenges facing manufacturers no longer centre around achieving a broad diffusion of their output. Their focus would switch to assuring collectively that this portion of households does not dwindle any further, on the one hand and, on the other, to fighting tooth and nail to protect their individual market shares.

To an even greater degree than for other industries, therefore, the car industry would be confronted with a set of challenges that are spreading across western developed economies and that involves, as Lipietz describes it "making the rich consume more" (Lipietz, 1998: 45. This means that the needs associated with the opportunities firms identify are not particularly pressing and that the consumers in question can easily delay their purchases or fulfil their needs with a substitute or competitive product. In addition, these consumers are targeted by the commercial strategies of virtually all producers. This development has readily given rise to a common form of rhetoric in marketing that stresses how the typical consumer is becoming ever more demanding - his or her requirements are supposedly more and more intangible and hard to grasp, while loyalty rates are tumbling.

In developing this argument, Lipietz goes back to the Keynesian argument to which he adds that of Kalecki. He considers that a return to instability and a renewed interest in cycles is, to a large degree, due to the fact that these categories of households "do not spend what they earn" but "earn what they spend". He is referring to the "trickle down" economy in which Kalecki's proposal was that "the workers live from what is spent by the rich". As we would expect from what we have already explained, when such a macro-economic system is in place, the government's role becomes one of introducing dynamism into the economy from the top down, in the same way that our automobile firms will target the top part of the egg-timer. "They [the governments] are prepared to subsidise the hiring of home help, the purchase of cars and to reduce taxation on capital gains to generate 'unsavings' for consumption purposes" (Lipietz, 1998, p.45).

The adoption of this logic into the automobile economy is felt first on the productive reasoning and the decisions made that link this domain with manufacturers' commercial objectives. Among other things, it results in the diffusion of a certain number of managerial tools destined to integrate "client satisfaction" into the productive process. For the workforce, this is a new Taylorian variable to be added to existing pressures for reduction in labour costs. By representing this new variable as that of the client, a new form of collective pressure is exerted on the whole range of workers involved in the productive activity, from factory workers, designers and suppliers through to the distribution chain and the salesforce (Bitard, 2001). What is involved of course is a representation of usage systems and of the opportunities they offer for downstream operators.

In the French case, we have shown that there is a series of developments that appear to justify such a redefinition of automobile production in terms of revenue distribution and that lead it to concentrate solely on the upper part of the egg timer. The growing disproportion between the volume of new cars acquired and the volume of used cars acquired, in addition to the decline in the ratio of unitary value of used to new cars, indicate that, for a ever more overwhelming majority of households, their car consumption behaviour is effectively part of a « trickle-down » economy. This has come about in two different ways. Firstly, the cars that can be bought by the majority of households that cannot afford a new car are those that were originally acquired by more wealthy households and these cars can be tracked as they pass down through the population's wealth quintiles over time. The second "trickle down" effect concerns the spare parts and service and repair needs that must be met if these cars are to continue to be roadworthy. The offering available on these markets are currently defined by manufacturers primarily in terms of the needs of the more favoured clients who make up the vehicle's 'first' market. In this respect, it likely that the anti-distributive effects of the downstream automobile economy are likely to be further reinforced, if policy makers give in to pressure from car manufacturers and dealers who are demanding stricture technical control and anti-pollution measures as well as reductions in VAT. In 2003 in France, for example, Citroen launched a price promotion campaign that was heavily publicised in which it offered new car buyers a price composed not of the 19.6 percent VAT rate applied today but based on tomorrow's 5.5 percent...

The automobile system, however, is subject to a number of contradictory pressures (Jullien 2002, 2003b) as a result of manufacturers' emergent strategies and some of these have had an impact that appears almost fortuitous on the European Commission's decisions. Firstly, by outsourcing a large part of the design and manufacture of their vehicles' parts, manufacturers allowed the suppliers concerned to develop to such a degree that they were in a position to demand and receive the legal right to make these parts available in the after market. Whether sold through the manufacturers' dealerships of elsewhere, these suppliers' parts can be called original spare parts.

More generally, the network of independent repair outlets has become more structured and federated and has allied itself with these equipment suppliers. Policy makers have also obliged manufacturers to share such information with these channels as they may require to continue to service a major share of the service and repair market for their cars. In seeking these changes, these channels received the support of the large buyers and fleet administrators. Ironically, the development of these actors had been encouraged by the commercial practices of the car manufacturers themselves. As well as these large buyers, the insurance companies have also been supporting the development of alternative offerings to those of official car dealerships. Finally, in a European context, the existence of a growing number of member states whose economies have been abandoned by the automobile manufacturing sector has also led to a set of different arguments to those traditionally heard in defence of the manufacturers when they were present in a dominant number of member states.

The interesting question that emerges is whether this revaluation in Europe of the downstream operations of the automobile productive framework, that came about almost accidentally, is likely to have such an impact on the strategies of car manufacturers that they will review their strategic focus on households who buy new cars. From France in 2003, it would be premature to attempt to answer this question in advance of the car manufacturers themselves. Nonetheless, it is worth commenting perhaps that the responses visible for the moment from manufacturers appear to remain closely linked to defending their positions in their traditional markets, made up of those households that are potentially purchasers of new cars. For these households, as we have seen, a used car purchase may be a substitute rather than an alternative to a new car purchase and manufacturers have seen this as an opportunity to sell on the cars that they end up "buying back" as a result of the success of their direct sales efforts. Only new car sales and the sales of such recent used cars are liable to generate sufficient turnover for their dealerships and for them (through spare part sales) to justify the high cost of their current networks. Despite a few tentative efforts by some manufacturers such as Ford or Renault to venture into the spare parts market or to enter into the multi-brand repair market, it is generally accepted that the large part of the market for whom a used car is an alternative to a new car rather than a substitute are not a viable proposition for them or for their networks. By focusing solely on the new car or substitute used car market, they have quite definitely abandoned the largest part of household spending on automobiles in terms of after-sales service and have probably also chosen to do so in relation to the spare parts market.

It remains to be seen in our research how these markets and their market shares will evolve and whether all manufacturers will definitively give up on this significant part of spending in the automobile market. In addition to examining the practices of different firms in this context, comparing across different countries should highlight some interesting developments.

III.2 – The decline in firm performances and problems of value realisation in the automobile sector

The second change that emerges from this unbridled search for a clientele responsive to their very elitist commercial propositions concerns what the Marxist tradition terms the forms of realisation of value or, alternatively, the forms of social validation of supply. In the automobile industry, the accelerated pace of the launching of new models, their shortened life cycle and the desire to speed up the integration of ever more innovations have significantly increased technological uncertainty – as evidenced by the growing numbers of delayed launches and product recalls – and to this must be added a growing level of commercial uncertainty. The need to focus on a client segment that is, more than ever before, part of a limited well-off minority, leads firms to commit their capital to production decisions that will lead to highly variable results. The in-depth work that is now being conducted to understand the differing levels to which firms are exposed to the forces of financialisation (Dupuy, Lung, 2001) and research into the effects this has on firms' strategies would benefit from being linked to an equally in-depth study of the changing face of the demand faced by these firms.

The analysis of distribution issues and new commercial practices that the manufacturers have developed appear to highlight a second important aspect of this question. Our analysis of the economics of the dealership network shows that there is a common practice on the part of dealers of "dumping" of new cars to meet the quotas that are set by manufacturers in order to benefit from bonuses that are on offer. Consequently, the social validation of the commercial offerings is only really achieved in a way that is deferred, secondary and hidden by the access the new car sale gives them to the rents of after sales service and, in particular, spare parts sales. One primary characteristic of this deferred and hidden validation is, as we have seen, the fact that it is costly not to the buyer of the new car but to the subsequent owners of the vehicle throughout its lifetime. It is thus a 'pseudo-validation' that is based on the delivery of a separate service that has, in fact, never been explicitly demanded.

From this perspective, some of the proposals for developments in the European regulatory environment that have been put forward appear to indicate a move towards a more 'real' validation. These include the maintenance contracts that manufacturers have developed as part of a package sold with a new car or a recent used car, along with associated financing deals. In effect, by subscribing to such packages, the buyer is accepting to pay in advance the combined amount of the commercial cost of the deal as well as the cost of ensuring that the network will continue to survive. Manufacturers must now ensure that the packages they develop will, on the one hand, guarantee a sufficient margin to their dealers and that, on the other, enough buyers find them attractive. In this market, the dealerships face competition from credit organisations, insurance companies and car leasing firms. Whether these firms will overtake the initial offerings of manufacturers' dealerships remains to be seen. It could be that in this sector as in many others (Teece, 1986), these imitators will be in a more favourable position in terms of the nature of their know-how (purchasing, risk management...) in addition to their commercial credibility in the eyes of the relevant client groups.

The second validation problem emerges at this point and was clearly an issue in the US in the early years of 2000. Both for individual purchasers and firms, these car sales packages are generally based on two basic elements: a financing deal and a guarantee to buy back the vehicle. Both elements mean that the manufacturer's sale is only partially validating the offer.

An initial problem arose due to the default risk, which was greatly increased in 2001 in the US when the economy turned down abruptly, apparently taking operators by surprise. When these risks are turned into real defaults, they call into question the turnover that had previously been announced and, in accounting terms, *achieved* by the automobile firms' productive divisions. While a certain number of monthly payments may have been made by buyers and while the car will have been repossessed, there remains a considerable gap between the anticipated profitability of the sale and what was in fact achieved by the aborted operation.

This is the first problem that clearly in part linked to a second, concerning the guarantee that may have made to buy back the vehicle at a price guaranteed at the time of sale. Such a guarantee means that the profitability of the 'pseudo-sale' is dependant on the manufacturer's ability to control the price over time of the stock of used cars of that marque and/or on its ability (a priori weak) to force its dealerships to buy the used cars that it has bought back from its direct sales at prices of its choosing. There are, in fact, significant fluctuations in the flow of cars that are returned from leasing deals and manufacturers have been finding it difficult to control the cost and value of vehicles. This is of particular concern given the large volumes involved and the tendency for guaranteed prices to be overvalued 18 or 24 months after the offers have been made. Yet ironically, when there is a shortage in supply of particular used cars to sell in dealerships, manufacturers are no better positioned than before or than other actors to supply them and to profit from the opportunity.

Thus, automobile production appears more than ever to suffer from deferred validation that delays the moment of truth for a sale for a period that may stretch from 6 months to 3 years. Among other things, this means that the price of a vehicle has become an infinitely complex variable for a manufacturer to set and for economists to understand. The growing use of price discrimination to differentiate different mixes of products and services to target different forms of buyers and acquisition methods means that neither the client nor, more strangely, the manufacturer seems capable of justifying their prices in retrospect. As a result, there is an added uncertainty related to the "sustainability" of certain product and service mixes on offer in the automobile market that must be added to the uncertainty inherent in a world where it is necessary "to make the rich consume more".

It would seem that here also, that our research should use the perspective developed in the work of K. Williams' team that analyses the phenomena of leasing buybacks and their impact on the used car market as well as on the financial results of the relevant manufacturers' divisions (Froud et al., 2001). Such work should also try to evaluate the price fixing practices related to new offerings and the results they achiever in particular in relation to the sharing of risks, rents and losses among manufacturers and their dealership networks.

III.3 – Commercial practices, "marketing know-how", client expertise and Y efficiency

Given that there is a genuine change linked to evolutions in the composition of the demand firms are facing, the contemporary timeframe we propose is probably a good opportunity to add finally to our framework a serious analysis of the commercial practices and techniques developed in an industry such as the automobile industry. Going back to the fundamentals of the GERPISA approach to studying productive models, it is stated explicitly that firms and industries are collectively faced with two basic uncertainties: one concerning production and the other the marketplace opportunities. In analysing the differences evident among different firms who are all trying to achieve acceptable performance and who were faced with comparable initial conditions, Liebenstein focuses on the first type of uncertainty. He viewed firms as differing in their ability to address this uncertainty and he described this as a form of efficiency that he called X efficiency. We could also consider that organisations must imagine and put in place strategies and mechanisms that turn out to be more or less effective to deal with the second form of uncertainty and we could thus add the problem of Y efficiency to Liebenstein's X efficiency. Efficiency Y would cover all attempts by firms to reduce uncertainty related to the types of demand they face in terms of their knowledge accumulation and/or their efforts to overcome this uncertainty.

Abundant empirical research work has been conducted within social sciences on the automobile industry, within the GERPISA group and elsewhere, on the production and design functions. The same is not true of the commercial functions, their organisation, the techniques and the know-how that they develop. It would appear that such functions fit the approach taken by the GERPISA group, to which we adhere wholeheartedly, in that there is a similar variability in practices, in logics of insertion in the environment and, probably, in performance. Such an approach, of course, does not involve a marketing-based analysis that would seek to show how firms that are more "scientific" in their approach to the market are, other things being equal, more successful. The objective would be to analyse the representation of the marketplace that is generated upstream and to understand how it is integrated organisationally as well as downstream to exploit and defend market openings.

Apart from the scientific issues at stake, these questions and the type of research that it would require, appear to us to be of great importance if we are to achieve our aim of developing an analytical framework with a basis in "political mess-economics". From this perspective, the recent regulatory debate in Europe concerning the block exemption is very telling. This involved policy makers, manufacturers, equipment suppliers and independent repair outlets fighting it out in defence of the interests and the satisfaction of consumers or even of "the consumer". At no point did any of these actors mention issues of employment, preservation of European industry, regional development or the access of rural zones to services that were brought up by the manufacturers during previous debates. The consumer has become the only viable yardstick to measure the viability of different legal options.

It is in this context that the question of Y efficiency becomes one of worthy of interest in the "political meso-economy". Given that the notion of the consumer or client has achieved such a dominant position in both ideological and concrete terms, it is undoubtedly important to define precisely how he is represented and treated to understand more fully what is at stake in this development. To do so, it is worth deconstructing the tools used such as different promotions and commercial organisations to determine the rational procedures that are in place and the different forms of development that they support. To the extent that "speaking for the client" appears to confer the higher moral ground in intra-firm relationships as well as inter-firm relationships and those between firms and public authorities, it appears urgent to develop a more critical understanding of what such self-declared spokespersons actually know or believe they know and what action this leads them to take.

Given the other research streams suggested, such a study of Y efficiency seems unavoidable if we are to achieve greater integration of issues related to demand into the overall analysis of the automobile industry. This will require study of the composition, role and tools of the marketing departments of different firms in different parts of the world at different eras. Particular attention needs to be afforded to the standardisation of tools and data, as well as to different forms of subcontracting of certain functions. In relation to the period covering the recent past, the question arises, for example, if the need to deal with "more demanding" clients coincides with an increase in the power wielded by these marketing services and a the defence of an elitist orientation. It should also lead us to a greater understanding of the role of the sales function, the sales force and the network in the real automobile system made up of the usage systems described and in which the manufacturers have chosen to renounce on a large segment of consumers.

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