Albert Nyman & Sons

Auto & Steel

Market assessment carried out by

KVM Research

during the winter and spring of 2008/09

The purpose of this market assessment is to assess the potential that exist within the defined catchment area for the business and the premises that are Albert Nyman & Son, Auto Town & Iron Town. It was conducted during the winter and spring of 2008/09 by Knud Møller of KVM Research at the request of the Managing Director.

The content of this report and its accuracy is the responsibility of KVM Research. However, KVM Research accepts no responsibility for any actions that the owner of the business, any of their partners or anyone else is taking in pursuance of the conclusions of the report.

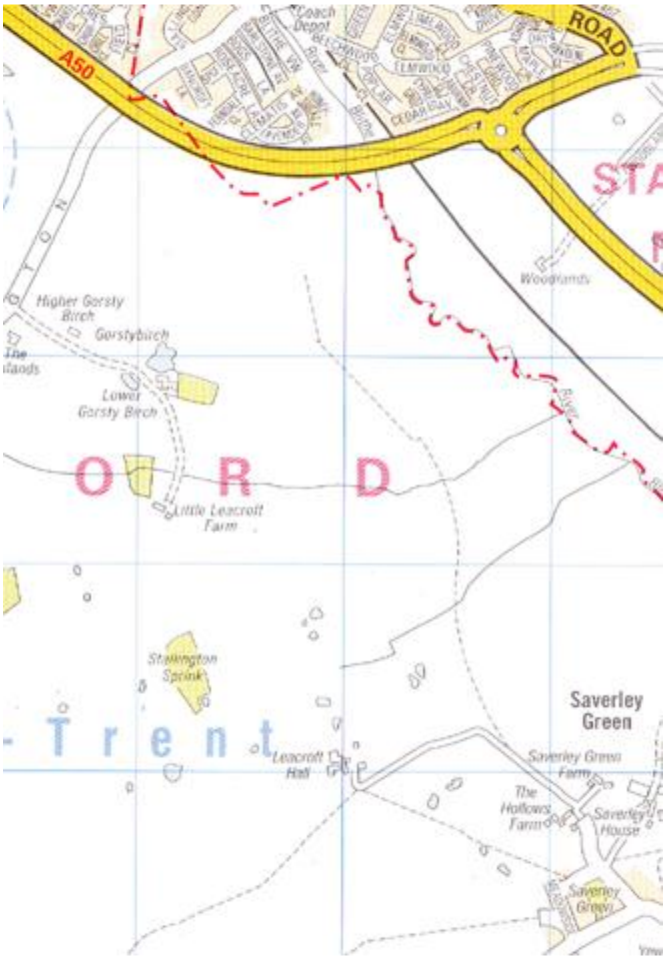
Introduction

Albert Nyman & Son is a car dealership originally with premises in Auto Town, Fluteshire and since 2006 in Iron Town, Appleshire. The firm specializes in cars from Anyauto.

The location of the premises in Auto Town is at Plus Green, Stoneley, AT1 4LS on the northern outskirts of the town. It is shown on the extract from the A-Z Street Atlas below.

Copied from A-Z Street Atlas, 2006.

The premises in Appleshire are on the A43 Speech Road, Crackley, AP5 7NL on the North-Western outskirts of Iron Town. It is shown on the second extract from an A-Z Street Atlas on page 4.



Copied from A-Z Street Atlas, 2001.

General

For the purposes of this assessment the catchment area for the two businesses that comprise Albert Nyman & Son has been defined as the local authorities of Auto Town & Fluteby BC, Sleepy Town BC, Iron Town BC and City of Steel Town. The definition also includes the western most part of Appleshire Heathlands, which adjoin the eastern boundary of Steel Town as there is another Anyauto dealership in Apple Heath, and it includes the northern most part of Apple Town BC which adjoin the southern boundary of Steel Town.

This area covers 108,369 hectares (419 sq miles) with a population at the time of the 2001 Census of 609,710 people in 255,635 households, see table below. This gave an average household size for the whole catchment area of 2.39 persons per household, lowest within the Steel Town area of 2.33 and highest within Appleshire Heathlands.

	2001*			2007**		
	Population	Households	H/hld Size	Population	Households	H/hld Size
Sleepy Town	90,655	37,282	2.43	92,600	40,305	2.30
Auto Town & Fluteby	111,007	45,699	2.43	116,600	47,686	2.45
Steel Town UA	240,636	103,197	2.33	239,000	104,199	2.29
Iron Town	122,030	50,739	2.41	124,300	51,734	2.40
Apple Town	9,485	3,992	2.38	9,576	4,232	2.26
Appleshire Heathlands	35,897	14,726	2.44	36,888	15,104	2.44
Catchment Area	609,710	255,635	2.39	618,964	263,259	2.35

*2001 Census. **2007 Mid Year Estimate and household no.s projected from 2001-2004 estimate by National Statistics.

By 2007 the population is estimated to have increased to just fewer than 619,000 people. Over half of the increase has been within the Auto Town & Fluteby area, which is the only area where household size may have increased from 2.43 persons per household to 2.45. The population within Steel Town is estimated to have declined by just less than 1% with a reduction in household size to 2.29 persons per household.

	Population 2001	Population 2007	Difference	%
Auto Town & Fluteby	111,007	116,600	+5,593	+5.04
Steel Town	240,636	239,000	-1,636	-0.68
Iron Town	122,030	124,300	+2,270	+1.86
Sleepy Town	90,655	92,600	+1,945	+2.15
Apple Heathlands	35,897	36,888	+991	+2.76
Apple Town	9,485	9,576	+91	+0.96
Total	609,710	618,964	+9,254	1.52

Source: 2001 Census and National Statistics Mid-year estimate

Most of the area combine the travel to work areas of Auto Town and Steel Town and has traditionally been heavily dependent on manufacturing industry while the northern parts of Sleepy Town BC area is within Met City’s travel to work area.

The catchment area has several large and medium sized urban centres with high population densities, 25.75 persons per hectare in the Steel Town area. These are well served by public transport. However, the catchment area also has large tracts of rural areas relatively thinly populated. Here the population depend on personal means of transport.

The Area and its people

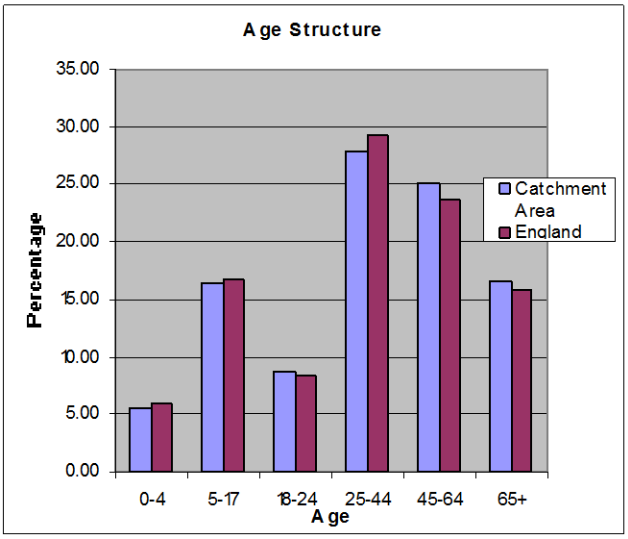
How old are they?

It is seen from the table below that people living in the catchment area on average are slightly older than in the whole of the country. People here have an average age of

	Catchment Area	England
All People, numbers	609,708	49,138,831
	<- Percentage	->
0-4	5.54	5.96
5-17	16.40	16.70
18-24	8.67	8.41
25-44	27.86	29.30
45-64	25.04	23.75
65+	16.49	15.89
Mean Age	39.8	39.1

Source: 2001 Census

39.8 years compared to 39.1 years of age, as there is a higher proportion of people aged 45 and above. Otherwise the age structure is very similar to these wider areas. This is graphically illustrated in the diagram below.



Source: 2001 Census

Age vary within the catchment area with Steel Town being the ‘youngest’ with an average of 39 years of age. While the surrounding commuter areas are relatively ‘old’ with an average of 46 years of age for areas to the South, within Apple Town Borough, and 42 years of age for areas to the east within Appleshire Heathlands District.

Who are they? – Socio Economic Profile

The following table show the percentage of economically

	Catchment Area	England
All People aged 16-74, number	444,880	35,532,091
	<- Percentage	->
Economically active	64.57	66.86
Employee	51.84	52.62
Self-employed with employees	2.72	2.95
Self-employed without employees	4.19	5.36
Unemployed	3.12	3.35
Full-time Students	2.69	2.58

Source: 2001 Census

active people to be somewhat lower within the defined catchment area, 64.57%, compared to the whole of England, 66.86%. This applies to people who are employees, self-employed and unemployed and seeking work while the percentage of full-time students is slightly higher, 2.69% compared.

A closer area by area analysis shows this picture to vary across the area. Economic activity is highest within the area of Sleepy Town Borough Council at 69.28% and lowest within the area of Steel Town City Council, 61.18%. The Sleepy Town area also has a high percentage of employees (55.66%) while high percentages of self-employed are found within Appleshire Heathlands (9.75%)

	Catchment Area	England
All People aged 16-74, number	444,880	35,532,091
	<- Percentage	->
Economically inactive	35.43	33.14
Retired	14.83	13.54
Student	4.66	4.67
Looking after home / family	5.86	6.52
Permanently sick / disabled	7.09	5.30
Other	2.98	3.10

Source: 2001 Census

and Apple Town Borough (10.98%). Within these areas we also find the lowest percentage of people who are unemployed and seeking work, 2.07% and 1.97%

respectively, compared to nearly 4% within Steel Town City Council area.

The low activity rate is in part due to the ageing population of the area and as can be seen from the above table the percentage of retired people is higher, 14.83%, than the national average, 13.54%. Also higher is the percentage of permanently sick and disabled people. However, there are variations across the area.
The highest percentage of inactivity is found within the Steel Town area. Here the percentage of permanently sick and disabled people is especially high at 9.57% of people aged 16-74. The percentage of retired people is highest within Appleshire Heathlands (17.21%) and Apple Town Borough areas (20.59%).

Who are they? – Occupations

	Catchment Area	England
All People	366,841	22,441,498
	<- Percentage	->
1. Managers & Senior Officials	13.88	15.26
11. Corporate Managers	10.65	11.47
12. Managers & Proprietors in Agriculture & Services	3.23	3.79
2. Professional Occupations	9.40	11.21
3. Associate Professional & Technical Occupations	11.65	13.84
4. Administrative and Secretarial Occupations	11.22	13.39
5. Skilled Trades Occupations	14.76	11.55
6. Personal Service Occupations	7.12	6.89
7. Sales and Customer Service Occupations	7.76	7.65
8. Process; Plant & Machine Operatives	11.10	8.42
9. Elementary Occupations	13.12	11.80

Source: 2001 Census

Manufacturing industries have traditionally been very important for the local economies of the catchment area. The headquarters of these industries will not be local and we therefore find that in this area there are fewer people within the managerial and professional occupations and also the administrative and secretarial occupations than in the country as a whole. Such occupations will tend to be based at the headquarters maybe in London or other metropolitan centre. By contrast there are more people engaged in the skilled trades, personal service and other 'lower' occupations. However, as with other characteristics there are local variations.

Parts of Sleepy Town BC is within the Met City travel to work area and there are more people engaged within the managerial and professional occupations in this area than in any other part of the catchment area; 32.17% compared to only 15.23% within Steel Town and 23.28% (1. + 2. in the above table) within the catchment area as a whole.

Travelling to work

	Catchment Area	England
All People, numbers	443,349	35,532,091
	<- Percentage	->
Works mainly at or from home	5.22	5.78
Train, metro, light rail or tram	0.51	4.67
Bus, minibus or coach	3.54	4.74
Taxi or minicab	0.34	0.33
Driving a car or van	37.95	34.68
Passenger in a car or van	5.07	3.86
Motorcycle, scooter or moped	0.65	0.70
Bicycle	1.60	1.79
On foot	5.92	6.31
Other	0.20	0.29
Not currently working	38.99	36.84

Source: 2001 Census

Whether people choose public transport or a personal means of transport is partly dependent on convenience and partly a reflection of personal wealth. Within the defined catchment area Auto Town and Steel Town travel to work areas are known to be very self-contained by national standards and long distance journeys to work are rare. Therefore it is only a small percentage of people who travel to work by train or similar despite good rail connections.

The percentage who use bus is also smaller than nationally and local bus operators are often criticised for being too infrequent and slow especially in rural areas.

For these reasons the percentage of people who either drive a car or van themselves or has a ride as a passenger is higher locally at 43.02% than nationally, 38.54%.

The personal wealth of the people of Sleepy Town is probably the main reason for a very high percentage (46.44%) driving to work themselves and only 0.93% use bus for their journey to work. Bus connections are reasonable within Steel Town and a higher percentage than elsewhere (5.59% compared to 3.54%) is using bus to travel to work. Thus, there is less need for using personal transport and only 38.42% do so.

Availability of Cars or Vans

The 2001 Census deals with "availability" of cars or vans rather than car ownership. In terms of market research it has traditionally been taken for an indicator of people's wealth, but in the context of this report it has additional significance in terms of determining the level of demand for new cars and for repair and maintenance of cars.

	Catchment Area	England
All Households, numbers	255,635	20,451,427
	<- Percentage	->
No car or van	26.00	26.84
1 car or van	44.07	43.69
2 cars or vans	23.99	23.56
3 cars or vans	4.59	4.52
4 or more cars or vans	1.36	1.39
Total cars or vans	285,929	22,607,629
Cars per household	1.12	1.11

Source: 2001 Census

It is seen from the above table that the percentage of household with no car or van is slightly lower within the catchment area than in the country as a whole at 26.00% compared to 26.84%.

Across the area the highest percentage of households with no car is found within the Steel Town area (34.60%) and also the lowest number of cars per household (0.90). The lowest percentages of households without a car is found within Apple Town Borough (14.30%) and Sleepy Town Borough (14.54%) areas which also have the highest average number of cars per household at 1.47 and 1.43 respectively.

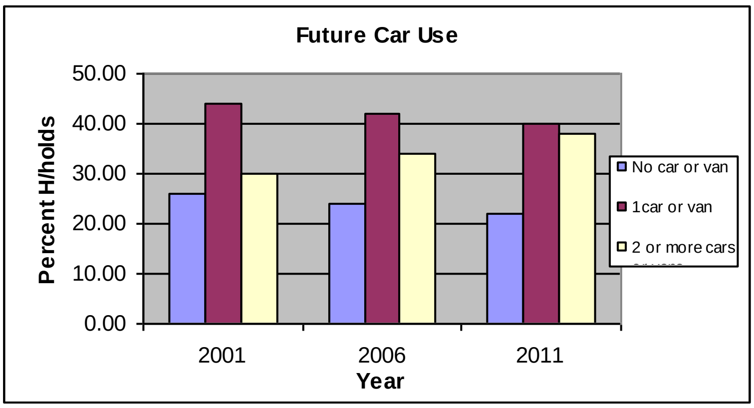
The Future

This report is written at the end of the year 2008 and the beginning of 2009 at a time when the national economy appear to be at a turning point. At best the outlook is uncertain and at worst rather bleak. This applies to the use of and demand for personal transport as well as other aspects of the economy. Predictions will therefore have to be interpreted with caution, as they are based on past trends some of which are shown in table 1 of the Appendix.

	Catchment Area 2001*	Catchment Area 2006**	Catchment Area 2011**
All Households, numbers	255,635	262,000	266,000
	<-	Percentage	->
No car or van	26.00	24	22
1 car or van	44.07	42	40
2 or more cars or vans	29.94	34	38
Total cars or vans	285,929	315,000	338,000
Cars per household	1.12	1.20	1.27

*2001 Census. **Estimates based on household no.s projected from 2001-2004 estimate by National Statistics and Department for Transport, TSGB 2008: Private motoring - data tables, table 9.15(b).

If past trends continue we will see a reduction in the percentage of households with no car and also a reduction in the percentage of households with only one car. However, growth in the use of 2 or more cars per household will mean an overall increase in number of cars and an increase in cars per household.



Source: See table above.

The reason why the increase in car usage is among households with two or more cars could be found in appendix 1, table 2. This shows an increase in licence holders among females while the proportion of male licence holders is stable or being reduced. With two income earners there may be a need for two cars.

Recent research commissioned by the Department for Transport reveals that "the type of car bought varies by income, age and the numbers of children, adults and vehicles in the household."*) "Smaller households tend to own fewer cars, and tend to use them less. Households with children tend to own more cars."*) However, "car ownership could be expected to change depending on household structure, type of area, and the socio-economic group to which a household member belongs."**)

Most commentators predict a considerable rise in unemployment during 2009, which could mean that in many households in the near future there will only be one significant breadwinner. For that reason household need for and demand for personal transport will be reduced.

Another factor is the environmental policies that central government will put into force. These have sought to reduce the use of personal transport eg by taxing fuel, but this have so far had limited effect. The government may therefore in the future put more powerful measures into force.

All these factors will influence people's choice of transport and it is unlikely that the demand for personal motorised transport will continue to increase as much as in the past. However, for the motor trader it may be a bit of consolation that the demand for maintenance and repair could increase as people seek to keep their existing vehicles roadworthy for a longer period.

Income & Expenditure

There are no statistics available on personal or family income and expenditure for a non-statutory area such as our defined catchment area. We therefore rely on statistics for the constituent local authority areas.

*)Cambridge Econometrics, *Demand for Cars and their Attributes,* final report for the Dpt for Transport, Cambridge 2008.
**) Dpt of the Environment, Transport and the Regions, *National Road Traffic Forecasts (Great Britain) 1997, Car Ownership: Modelling & Forecasting,* London(?),1998.

The table below shows the average weekly earnings of individual residents in those areas who are also in employment. This we can relate to the national statistics on household expenditure, but before we can do that we need to consider average weekly household earnings.

Weekly earnings 2007

Local Authority	Male	Female	All
	<-	££	->
Sleepy Town	570.1	382.2	488.3
Auto Town & Fluteby	525.6	302.8	422.1
Iron Town	503.4	330.2	415.1
Apple Town	656.5	340.1	494.5
Appleshire Heathlands	549.9	311.6	441.2
Steel Town	424.2	287.3	362.0
Catchment area	519.5	318.1	423.9

Source: NOMIS and ASHE

People in employment 2007

Local Authority	Males	Females	Total
	<-	numbers	->
Sleepy Town	18,000	14,000	32,000
Auto Town & Fluteby	27,000	23,000	50,000
Iron Town	24,000	25,000	49,000
Apple Town	26,000	27,000	52,000
Appleshire Heathlands	23,000	19,000	42,000
Steel Town	52,000	43,000	96,000
Catchment area	170,000	151,000	321,000

Source: NOMIS and ASHE

The table above state that in 2007 there were 321,000 people in employment within the local authorities of the Catchment area, which together with an estimated number of households of 337,000 gives an estimated 0.95 employees per household. Multiplied with the average earnings of individual employees we get an estimated average weekly household income of £403. Households with that amount of earnings will according to the Family Expenditure Survey*) spend an average of £17.80 a week on the purchase of a vehicle and £26.50 on the operation of personal transport. By simple multiplication we find that this will amount to a total annual expenditure of £243.7 million on purchase of vehicles and £362.8 million on operation of personal transport.

*)Office of National Statistics, Family Spending, A report on the 2007 Expenditure & Food Survey, Palgrave Macmillan, 2008.

There are an estimated 120 car dealerships within the catchment area, who will be in direct competition with A Nyman & Son and another 415 establishments competing for service and maintenance business. We therefore find a potential turnover in 2007 of £2.03 million per dealership and £0.87 million per service and maintenance business. These figures may serve as benchmarks or targets for the successful business in this sector.

Detailed Area Analysis

In the previous sections we have hinted at differences between the six local authorities in terms of the socio economic structure of their populations and we have in particular referred to the statistics that points to Sleepy Town Borough and Appletown Borough as being the most affluent of the six authorities. Because of these facts it seems reasonable to assume that these areas will be the most profitable to target for a marketing exercise.

However, local authorities are very large areas with many thousands of residential addresses and they will therefore be too cumbersome to handle in their entirety. It will be necessary to focus on smaller parts of their area. In the following we have chosen to focus on the electoral wards as convenient statistical entities, which have the additional benefit of having ready-made address registers in the form of electoral registers, which can be purchased.

Appendix 2 shows the outcome of an analysis of all the electoral wards within the catchment area. It shows the five wards with the highest proportion of people within the professional and managerial occupations who on average will also have the highest disposable income.

If the company feel it desirable to attract more customers it is recommended that they purchase the electoral register for one or more of these wards and use that as the basis for an approach to local residents.

Proposed Customer Survey

An analysis based on Census information such as shown above can go a long way towards establish the nature of the catchment population in terms demographic and socio economic details. However, since we do not know the exact extent of the catchment area it cannot be accurate and is essentially only an estimate.

In order to establish the extent of the catchment area and the nature of the population, it is proposed to conduct a survey of the customers. This would establish which groups of the population are attracted to Albert Nyman & Son and 'Anyauto' as a brand name and a car maker. This would include some simple questions about a) who they are, b) where they come from, c) what attracts them to this company and d) whether they have any improvements to suggest.

It may be argued that customers will feel inconvenienced by such an approach, but experience shows that they will be only too happy to oblige and may in fact relish the opportunity to tell owners and managers what they feel about Albert Nyman & Son and 'Anyauto'. It may also serve as a talking point and thus stimulate conversation and enhance the experience that is Albert Nyman & Son and 'Anyauto'.

In addition it will need no involvement by the company other than approving the questionnaire and receive the final report.

Conclusion

It is considered that the company with quite large premises in two locations could use the £2.03 million and £0.87 million as benchmarks for turnover to be achieved; one for the car dealership and one for the service and repair business. If this amount is not achieved some marketing ought to be considered. It may even be considered if it is thought desirable to increase the existing turnover, whatever its size. It is recommended that this should be done in two phases.

Firstly, in order to assess more precisely to which part of the population in which geographical area the company has the greatest appeal, a customer survey needs to be conducted on the basis of the questionnaire shown as an appendix.

Secondly, a direct approach eg by mailing should be made to the residents in the areas with the greatest concentration of the relevant catchment population.

Alternatively, without a customer survey a direct approach could be made to residents of any of the wards listed in Appendix 2.

Appendix 1.

Table 1: Household car ownership by region and country of residence.

	No car		One car		2 or more cars		Cars per household	
	1996	2005	1996	2005	1996	2005	1995/97	2005/06
	<-		Percentage		->		Number	
North West	31	26	45	43	24	30	1.0	1.1
West Midlands	31	23	43	43	26	34	1.1	1.2
England	29	24	45	44	25	32	1.0	1.2
Great Britain	30	25	45	44	25	31	1.0	1.2

Source: Dpt for Transport & National Statistics, Regional Transport Statistics 2007 Edition, table 1.11.

Table 2: Full car driving licence holders by sex, region & country of residence.

	Males		Females	
	1995/97	2005/06	1995/97	2005/06
	<-	Percentage		->
North West	80	79	54	62
West Midlands	82	81	55	62
England	82	81	58	64
Great Britain	81	81	57	63

Source: As above, table 1.12.

Appendix 2.

Sleepy Town Borough	Homes Church	Sleepy South	Sandbeck East	Ashbury	Alsfield North
All people aged 16-74	4,106	4,367	4,575	1,359	2,801
Professional & Managerial Occupations	41.72	38.79	37.46	36.20	35.45
Auto Town & Fluteby Borough	**Brook Green**	**Why Bury**	**Rollbury**	**Oakchin**	**Pickforton**
All people aged 16-74	2,911	3,282	1,519	2,784	1,438
Professional & Managerial Occupations	39.81	39.31	35.81	33.51	33.45
Iron Town Borough	**Eastlands**	**Timberhds & Blackmore**	**Lakebridge**	**Createley**	**June Bank**
All people aged 16-74	4,072	4,927	4,517	3,185	4,711
Professional & Managerial Occupations	39.22	35.62	30.42	30.08	27.89
Apple Town Borough	**Mapley**	**Boarton**	**Chapel Eaton**	**Strawood and Nixon**	**Windford**
All people aged 16-74	1,339	3,157	1,524	4,678	3,124
Professional & Managerial Occupations	38.31	36.74	35.70	35.14	33.10
Appleshire Heathlands	**Pursenall & Stopley**	**Offering Moor**	**Offering North**	**Worrington**	**Black Edge & Stockton**
All people aged 16-74	1,114	1,305	4,008	2,632	3,527
Professional & Managerial Occupations	33.66	28.05	27.87	26.98	26.65
Steel Town	**Riverhm & Herfd**	**Brainshill & Plunkhull**	**Meir Wood & Beechton**	**Southwood & Ashes Hd**	**Smoke & River Vale**
All people aged 16-74	8,888	8,961	9,606	8,854	8,947
Professional & Managerial Occupations	30.09	27.58	21.94	17.51	16.55

Customer Survey <u>Albert Nyman & Son</u>

A survey of the customers is requested by Albert Nyman & Son (the company). The outcome will assist them in planning the future of the company and implement any improvements if such are suggested by you the customer. The survey is confidential and no detail about each response will be revealed to the company or any third party. An analysis and report will be handed to the company and will be their property alone. Please fill in the questionnaire as accurate as you can. Customers should only fill in one questionnaire each. You may fill in the questionnaire here and hand it to the company staff, fill it in at home and bring it back next time you visit the company or post it to: KVM Research, 1 South Street, Mow Cop, Stoke-on-Trent, ST7 4NR.

<u>Free service or MOT:</u> If you fill in the space for your name and address on the back you will take part in a prize draw for a free service or MOT at your choice.

<u>Who are you</u>? Tick one box only in each section.

<u>Gender</u>: Male ☐ Female ☐

<u>Age</u>: 15-19 ☐ 20-24 ☐ 25-29 ☐ 30-34 ☐ 35-39 ☐

40-49 ☐ 50-59 ☐ 60+ ☐

<u>Car owner:</u> Yes ☐ No ☐

Are You: Employed ☐ Self-employed ☐ Unemployed/seeking work ☐

Student ☐ Other: ………………………………………………………………

<u>Where do you live:</u> Stoke-on-Trent ☐ Staffordshire Moorlands ☐ Stone ☐

Congleton ☐ Kidsgrove ☐ Alsager ☐ Newcastle-u-Lyme ☐

Biddulph ☐ Crewe ☐ Sandbach ☐ Rode Heath ☐ Nantwich ☐

Audley ☐ Scholar Grn ☐ Elsewhere: ………………………………………………

<u>You and Albert Nyman</u> Tick as many boxes as apply.

<u>Have you visited Albert Nyman before?</u> Once ☐ Twice ☐ More times ☐

<u>When did you last visit the garage?</u> Last week ☐ Last month ☐

Within the last 3 months ☐ Six months ago ☐ Within the last year ☐

Would you visit this garage again? Definitely ☐ Probably ☐ Never ☐

Would you recommend A Nyman & Son to a friend? Definitely ☐

Probably ☐ Definitely not ☐

p.t.o.

What attracts you to Albert Nyman? Quality of service ☐ Speed of service ☐

Price of service ☐ Professional staff ☐ Range of services available ☐

Problem diagnosis ☐ Easy access ☐ Friendly staff ☐ Helpful staff ☐

Friendly atmosphere ☐ Furniture and decorations ☐ Opening times ☐

Other attractions: ……………………………………………………………………….

You and Skoda. Are you an Anyauto owner? Yes ☐ No ☐ If 'Yes' which model? ………………. Did you buy it new? ☐ or second hand? ☐

For how long have you been an Anyauto owner? 0-5 years ☐ 5-10 years ☐

10 years + ☐ What attracted you to Anyauto: Value for money? ☐

Design? ☐ Reliability? ☐ Friend's recommendation? ☐

When will you change your car? Within 1 yr ☐ Within 2 yrs ☐ After 2 yrs ☐

Will you change to a bigger model? ☐ - or a smaller model? ☐

The next section concerns any improvements or other suggestions you may have. However, please bear in mind that the company is constrained by the terms of their franchise and has to keep on good terms with the authorities and their neighbours and residents in the area.

Any improvements to suggest?

Greater range of services ☐ More speedy service ☐ Better problem diagnosis ☐

Other suggestions: ……………………………………………………………………

……………………………………………………………………………………..

……………………………………………………………………………………..

Only fill in this space if you wish to take part in the prize draw.

Name: ……………………………………………………………………………….

Address: …………………………………………………………………………….

Telephone: ………………………………………………………………………….

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