

Y4  
In 8/3

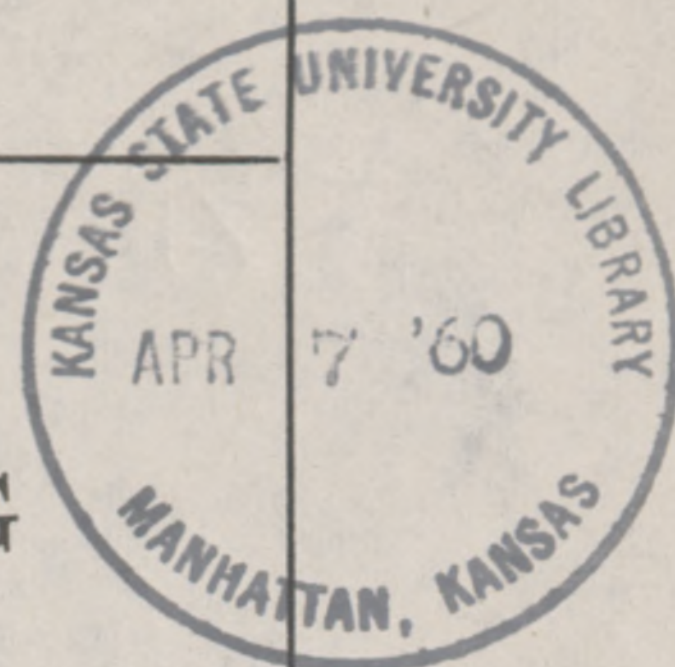
5 [COMMITTEE PRINT]

80th Congress }  
2d Session }

SENATE

GOVERNMENT

Storage



6 THE AUTOMOBILE MARKETING  
PRACTICES STUDY

REPORT

OF THE

SUBCOMMITTEE ON AUTOMOBILE  
MARKETING PRACTICES

U.S. Congress } Senate } OF THE

3  
2 COMMITTEE ON 4 INTERSTATE AND  
FOREIGN COMMERCE



JANUARY 19, 1956

Printed for the use of the Committee on Interstate and  
Foreign Commerce

UNITED STATES  
GOVERNMENT PRINTING OFFICE

WASHINGTON : 1956

71285°

KSU LIBRARIES  
A11900 805458 ✓  
006114



COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

WARREN G. MAGNUSON, Washington, *Chairman*

JOHN O. PASTORE, Rhode Island  
A. S. MIKE MONRONEY, Oklahoma  
GEORGE A. SMATHERS, Florida  
PRICE DANIEL, Texas  
SAM J. ERVIN, Jr., North Carolina  
ALAN BIBLE, Nevada  
STROM THURMOND, South Carolina

JOHN W. BRICKER, Ohio  
ANDREW F. SCHOEPEL, Kansas  
JOHN MARSHALL BUTLER, Maryland  
CHARLES E. POTTER, Michigan  
JAMES H. DUFF, Pennsylvania  
WILLIAM A. PURTELL, Connecticut  
FREDERICK G. PAYNE, Maine

EDWARD JARRETT, *Clerk*

BERTRAM WISSMAN, *Assistant Clerk*

---

SUBCOMMITTEE ON AUTOMOBILE MARKETING PRACTICES

A. S. MIKE MONRONEY, Oklahoma, *Chairman*

STROM THURMOND, South Carolina

FREDERICK G. PAYNE, Maine

DAVID BUSBY, *Special Counsel*

## REPORT OF A SUBCOMMITTEE OF THE COMMITTEE ON INTERSTATE AND FOREIGN COMMERCE

---

### THE AUTOMOBILE MARKETING PRACTICES STUDY—RESULTS OF 19,113 DEALER QUESTIONNAIRE RETURNS

Mr. Monroney for himself, Mr. Payne, and Mr. Thurmond of the Subcommittee on Automobile Marketing Practices submitted the following:

This Subcommittee on Automobile Marketing Practices of the Senate Committee on Interstate and Foreign Commerce was appointed by Chairman Magnuson on March 9, 1955, to inquire into and make a thorough investigation of "all phases of automobile marketing practices."

Hearings were held on this subject in July 1953. In these hearings it appeared that many automobile dealers were in economic difficulties. However, there was considerable variation of opinion as to the cause of these difficulties and as to what should be done legislatively to remedy the situation. Also, the manufacturers of automobiles and consumer interests were not heard from. No legislation was reported for the consideration of the Senate at that time. Since this previous study had not been completed, and since various abuses in the field of automobile marketing continued, and in fact, appeared to increase, Chairman Magnuson directed that the present thorough study be made.

During 1954, complaints continued to be received by the committee from dealers throughout the Nation urging congressional action in the field of automobile distribution, and the National Automobile Dealers Association later passed various resolutions at their annual convention urging specific legislation.

The investment of the automobile manufacturers in the United States amounts to approximately \$7½ billion and manufacturers employ about 780,000 persons. The total investment of franchised dealers is estimated to be nearly \$5 billion, and automobile dealers employ about 667,800 persons. This is approximately 9.7 percent of total retail employment in the United States. The investment of the 42,000 dealers average approximately \$118,000 each. The continuous service by the traditional pattern of family-owned dealerships, in many cases now operated by the third generation, is an example of small business free enterprise in the true American tradition. Furthermore, keen competitive merchandising practices by the automobile dealers of America have been a major factor in the building of this mass-production industry from the Stanley Steamer to today's streamlined, powerful, modern automobile. Mass production of these cars surpasses by many times the totals of automobile sales and production of the rest of the world.

In view of these facts it is readily apparent that the automobile industry represents one of the cornerstones of the American economy

and the size and prosperity of this industry depends upon sales to the ultimate consumer.

It was therefore determined by the subcommittee that a careful background study should be undertaken before hearings were held or legislation recommended. Voluminous factual data were gathered from the various governmental and industry sources. Statistics and other materials have been developed by the subcommittee staff with regard to the following areas of inquiry:

- (1) Automobile bootlegging
- (2) Phantom freight
- (3) Factory-dealer relations
- (4) Automobile installment credit

Also under consideration by the subcommittee are false and misleading advertising and other questionable practices which have crept into the field of automobile marketing.

Because there are but five major automobile manufacturers in the United States, the positions of these manufacturers regarding the above areas of inquiry were easily available. Extensive interviews between the subcommittee staff and the manufacturers' representatives were held and much data were developed along these lines.

It became apparent, however, that much diversity of opinion regarding the above problems was manifested by the approximately 42,000 automobile dealers. It was maintained by most manufacturers that their particular dealers had nothing to complain about and that the committee heard only the voices of those few dealers who were unable to survive in the competitive American free-enterprise system. The manufacturers repeatedly claimed that this represented only a small fraction of the total of 42,000 dealers.

Partially because of this conflict of opinion and partially because the subcommittee felt it should develop firsthand information, the subcommittee prepared and sent questionnaires directly to each automobile dealer insofar as this was possible. This was done in September, 1955.

As of January 1, 1956, the subcommittee has received approximately 19,500 returns. For purposes of tabulation the first 19,113 questionnaires returned constitute the entire sample.

The subcommittee feels that this is the most complete expression of dealer opinion that has ever been collected and is possibly the largest percentage of questionnaire returns ever received by a congressional committee on a voluntary basis.

A large part of this surprisingly strong response may have been due to the fact that the subcommittee assured the dealer that his identity would be kept in strictest confidence, and the dealer was requested, but not required, to sign the questionnaire.

The subcommittee feels the failure of nearly one-fourth of the dealers to sign the questionnaire, although they were interested enough to complete and return it, has significance. The subcommittee has conducted a series of spot checks in various sections of the United States in order to supplement the results of its questionnaire with personal interviews. Fear of retaliation by factory zone and district sales managers has been mentioned many times by dealers in these personal interviews.

It should be noted that generally the questionnaire is divided into four types of questions as follows: (a) Whether or not the dealer feels

that there is need for congressional study or Federal legislation (question 1); (b) dealer classification—the make of automobile, size of community, whether suburban, length of time a dealer, etc. (questions 2, 3, 4, 5, 6, 7, and 18); (c) the dealer's opinion regarding the necessity for legislation presently proposed and pending in the House of Representatives (questions 12, 13, 15, 16, 17, and 19) and (d) questions designed to allow the dealer to comment on conditions in the automotive industry (questions 8, 9, 10, 11, 14, and 20).

For purposes of correct statistical analysis and cross analysis, answers for each questionnaire were compiled on punchcards allowing tabulation by machines. It should be noted in this connection that question 20 and one part of question 10 require discretionary grading and could not be properly analyzed in this manner within the time allotted.

However, because of the importance of question 20, a fair sample of these will be printed in full in the appendix of this report. Answers to the discretionary part of question 10 will be analyzed at a later date.

It should be also noted that question 3 is omitted at this time because of faulty mechanical tabulation. However, the staff by proper sampling methods had determined that approximately 65 percent of the dealers answering question 3 stated they had held only 1 franchise in the past 20 years; 23 percent had held 2; 7.5 percent had held 3; and the remaining 4 percent had held more than 3.

It is further pointed out that in each case in which the dealer refused to answer the question in the space allotted or attempted to answer the question in an equivocal manner, the answer is tabulated as "other." If the dealer did not answer the question the answer is tabulated as "no answer."

Although the questionnaire lends itself to separate tabulation of the views of the dealers of each automobile manufacturing company, the subcommittee, has not felt that such tabulation properly reflects the the approach of the subcommittee. The subcommittee has consistently attempted to deal with the problems involved on an industrywide basis rather than with the problems of the individual corporations in the industry.

The one exception to this was made by the chairman during the course of the hearings held by Acting Chairman O'Mahoney of the Antimonopoly Subcommittee of the Senate Judiciary Committee. During these hearings there arose the question of whether or not automobile bootlegging was increased by the forcing of unwanted cars on General Motors dealers by the General Motors Corp. Also the question arose as to whether or not dealer unrest was reflected by a substantial number of General Motors dealers. Since this question had arisen, the chairman of this subcommittee felt it necessary, in order to protect the public record of a Senate committee, to submit the following figures to the O'Mahoney subcommittee by telegram dated December 9, 1955—

8,276 General Motors dealers voluntarily replied to the questionnaire; 6,047 of them indicated they felt there was a need for congressional study or Federal legislation with regard to automobile dealer problems in the field of automobile marketing; 860 felt there was no such need. The remainder either did not answer this particular question or answered miscellaneous. 4,069 indicated "pressure from factories to take more cars than needed" was one of the primary causes of bootlegging.

This subcommittee may from time to time during the course of its hearings develop further statistics involving the answers of the dealers of each automobile manufacturing company as the need for such data arises. However, the identities of individual dealers will at all times retain their confidential status.

The subcommittee is fully aware of the fact that the questionnaire return, although the broadest expression of automobile dealer opinion ever developed, is not a 100-percent sample of dealer opinion. Recognizing this limitation, the subcommittee feels that the results are very significant and releases them herewith. The subcommittee further feels that this questionnaire, supplemented by personal subcommittee "spot checks" and by statistical and other factual data developed during the past 10 months, affords an excellent basis for hearings at this time.

#### QUESTIONNAIRE

1. Do you feel there is need for congressional study or Federal legislation with regard to automobile dealers' problems in the field of automobile marketing?

Yes.....	13,749
No.....	1,991
No answer.....	3,181
Other.....	192
Total.....	19,113

2. For what make(s) is your present franchise?

	<i>Number of replies</i>		<i>Number of replies</i>
Buick.....	1,853	Hudson.....	395
Cadillac.....	953	Lincoln-Mercury.....	1,056
Chevrolet.....	3,887	Nash.....	503
Chrysler-Plymouth.....	1,569	Oldsmobile.....	1,894
DeSoto-Plymouth.....	1,233	Packard.....	661
Dodge-Plymouth.....	1,786	Pontiac.....	1,804
Ford.....	3,169	Studebaker.....	871
Kaiser-Willys.....	462	Foreign and other.....	371

3. During the past 20 years with how many automobile manufacturing companies have you held franchises? (Deleted because of faulty mechanical tabulation.)

4. How long have you been a franchised new car dealer?

(a) Less than 5 years.....	2,411
(b) 5 to 10 years.....	4,566
(c) 10 to 15 years.....	2,515
(d) 15 to 25 years.....	4,388
(e) More than 25 years.....	5,124
No answer.....	109
Total.....	19,113

## 5. In what State is your dealership located?

State	Total	State	Total
Alabama	254	New Hampshire	83
Arizona	113	New Jersey	546
Arkansas	222	New Mexico	109
California	1,034	New York	1,313
Colorado	283	North Carolina	470
Connecticut	222	North Dakota	187
Delaware	30	Ohio	962
District of Columbia	38	Oklahoma	349
Florida	296	Oregon	233
Georgia	335	Pennsylvania	1,282
Idaho	145	Rhode Island	98
Illinois	896	South Carolina	246
Indiana	620	South Dakota	190
Iowa	561	Tennessee	290
Kansas	527	Texas	906
Kentucky	300	Utah	125
Louisiana	214	Vermont	88
Maine	158	Virginia	383
Maryland	203	Washington	379
Massachusetts	472	West Virginia	228
Michigan	750	Wisconsin	640
Minnesota	546	Wyoming	80
Mississippi	263	Hawaii	6
Missouri	406	Alaska	5
Montana	164	Canada	3
Nebraska	333	No answer	490
Nevada	37	Total	19,113

## 6. Is the population of your community—

(a) Under 2,500	3,557
(b) 2,500 to 25,000	9,539
(c) 25,000 to 75,000	2,972
(d) 75,000 to 250,000	1,392
(e) 250,000 to 500,000	490
(f) Over 500,000	1,057
No answer	106
Total	19,113

## 7. If the population of your community is under 25,000 are you located within 25 miles of a metropolitan area?

Yes	4,506
No	8,362
No answer	6,095
Other	150
Total	19,113

## 8. Is new car "bootlegging" (discount selling to nonfranchised dealers for resale) in your area seriously detrimental to your business?

Yes	11,552
No	6,463
No answer	542
Other	556
Total	19,113

## 9. Compared with last year has "bootlegging" in your area—

(a) increased	7,268
(b) decreased	2,175
(c) remained about the same	9,017
No answer	481
Other	172
Total	19,113

10. Considering all costs and servicing does the purchaser of a "bootlegged" car, in your area, save money—

Yes.....	2, 897
No.....	14, 692
No answer.....	1, 006
Other.....	518
<b>Total.....</b>	<b>19, 113</b>

If the answer to question 10 was "Yes," in what way does the purchaser save money?

Answered.....	3, 210
No answer.....	15, 903

If the answer to question 10 was "No," in what way does the purchaser lose money? (Check one or more.)

(a) Purchaser pays more for car.....	1, 925
(b) Purchaser fails to receive warranty protection.....	14, 372
(c) Purchaser receives car with uncertain or false mileage.....	13, 563
(d) Makes provision of adequate new-car servicing by dealer difficult.....	10, 899
(e) Purchaser pays higher finance charge.....	8, 904
(f) Other.....	1, 573
No answer.....	3, 440

11. Is new car "bootlegging" caused primarily by (check one or more)—

(a) Vigorous competition.....	2, 990
(b) Overproduction.....	13, 581
(c) Weak dealers.....	6, 660
(d) Too many dealers in territory.....	3, 522
(e) Freight differential.....	3, 979
(f) Unethical franchised dealers.....	9, 956
(g) Lack of territorial security.....	6, 802
(h) Pressure from factory to take more cars than needed.....	10, 992
(i) Fictitious fleet accounts.....	3, 818
(j) Other.....	667
No answer.....	501

12. Are you in favor of legislation allowing manufacturers to cancel franchises of dealers who sell cars to unauthorized persons for resale?

Yes.....	14, 185
No.....	3, 411
No answer.....	896
Other.....	621

**Total..... 19, 113**

13. Do you feel that such legislation would effectively curtail "bootlegging"?

Yes.....	11, 453
No.....	4, 727
No answer.....	1, 680
Other.....	1, 253

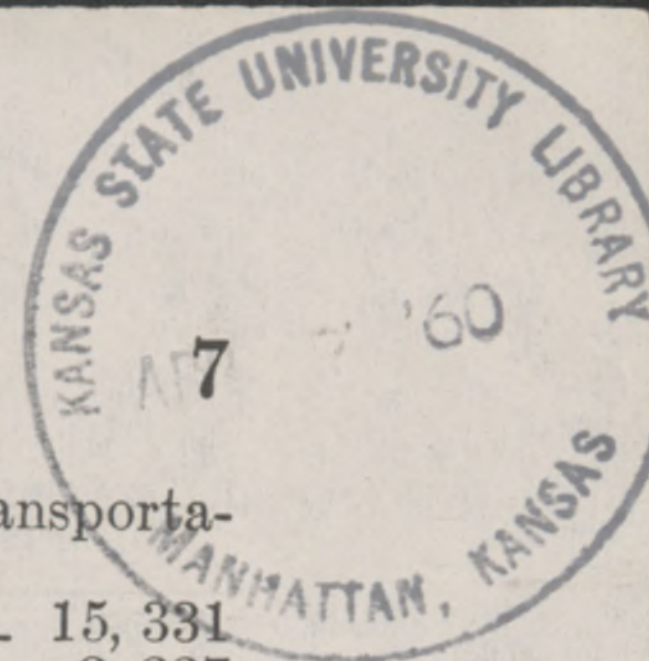
**Total..... 19, 113**

14. Is the freight on delivery of new vehicles charged to you—

(a) More than the actual cost of freight.....	5, 398
(b) Less than the actual cost of freight.....	472
(c) Do not know.....	11, 042
No answer.....	842
Comment only.....	1, 359

**Total..... 19, 113**

THE AUTOMOBILE MARKETING PRACTICES STUDY



15. Do you feel that dealers should be allowed to specify the mode of transportation in delivery of new cars from factory or assembly plants?

Yes.....	15,331
No.....	2,227
No answer.....	1,226
Other.....	329

Total..... 19,113

16. Do you feel that the dealer should be allowed to pay the actual freight cost directly to the carrier which delivers his cars?

Yes.....	11,730
No.....	4,327
No answer.....	2,665
Other.....	391

Total..... 19,113

17. Are you in favor of elimination of "phantom freight"?

Yes.....	14,891
No.....	984
No answer.....	3,074
Other.....	164

Total..... 19,113

18. Prior to 1950 did you operate under a contract which allowed manufacturers to impose penalties on sales outside your franchised territory? That is, did you operate under a territorial security clause?

Yes.....	10,716
No.....	6,335
No answer.....	1,714
Other.....	348

Total..... 19,113

19. Do you favor the return to such a system?

Yes.....	8,693
No.....	7,766
No answer.....	2,165
Other.....	489

Total..... 19,113

20. Have you any further comments regarding conditions in the automotive industry today?

Answered.....	8,753
Answers requiring separate sheet.....	417
No answer.....	9,942

There is no requirement that you sign this questionnaire. If you care to do so, the subcommittee will appreciate it, and will not, under any circumstances reveal your identity.

Signed.....	14,404
Not signed.....	4,708

-----  
 (Name)  
 -----  
 (Address)  
 -----

1. Do you feel that there is need for congressional study or Federal legislation with regard to automobile dealers' problems in the field of automobile marketing?

State	Totals	Yes	No	No answer	Other
Alabama	254	202	20	31	1
Arizona	113	68	17	25	3
Arkansas	222	152	32	35	
California	1,034	740	118	170	6
Colorado	283	215	17	47	4
Connecticut	222	161	32	25	4
Delaware	30	19	5	5	1
District of Columbia	38	27	8	2	1
Florida	296	219	25	51	1
Georgia	335	233	32	67	3
Idaho	145	105	17	23	
Illinois	896	644	90	149	13
Indiana	620	464	45	105	6
Iowa	561	409	44	99	9
Kansas	527	412	40	74	1
Kentucky	300	221	24	50	5
Louisiana	214	174	16	21	3
Maine	158	109	21	26	2
Maryland	203	134	29	36	4
Massachusetts	472	352	42	69	9
Michigan	750	483	116	143	8
Minnesota	546	388	54	101	3
Mississippi	263	185	26	51	1
Missouri	406	302	36	65	3
Montana	164	105	21	36	2
Nebraska	333	233	41	59	
Nevada	37	31	4	2	
New Hampshire	83	62	8	11	2
New Jersey	546	434	45	60	7
New Mexico	109	88	7	14	
New York	1,313	994	144	163	12
North Carolina	470	367	25	71	7
North Dakota	187	132	22	30	3
Ohio	962	646	135	168	13
Oklahoma	349	252	19	76	1
Oregon	233	159	31	42	1
Pennsylvania	1,282	934	143	185	20
Rhode Island	98	77	6	14	1
South Carolina	246	187	17	39	3
South Dakota	190	116	22	48	4
Tennessee	290	209	29	47	5
Texas	906	690	79	129	8
Utah	125	92	11	22	
Vermont	88	64	9	15	
Virginia	383	253	59	65	6
Washington	379	246	52	75	6
West Virginia	228	155	28	44	1
Wisconsin	640	444	69	124	3
Wyoming	80	59	10	11	
Hawaii	6	4	1	1	
Alaska	5	4		1	
Canada	3	2	1		
No answer	490	292	47	151	
Totals	19,113	13,749	1,991	3,181	192

1. Do you feel that there is need for congressional study or Federal legislation with regard to automobile dealers' problems in the field of automobile marketing?

4. How long have you been a franchised new-car dealer?

		Less than 5 years	5 to 10 years	10 to 15 years	15 to 25 years	More than 25 years	Not stated
	Totals						
Yes	13,749	1,732	3,258	1,863	3,215	3,648	33
No	1,991	286	501	237	417	536	14
No answer	3,181	370	765	395	721	870	60
Other	192	23	42	20	35	70	2
Totals	19,113	2,411	4,566	2,515	4,388	5,124	109

State	Totals	6. Is the population of your community—						
		Under 2,500	2,500 to 25,000	25,000 to 75,000	75,000 to 250,000	250,000 to 500,000	Over 500,000	No answer
Alabama	254	35	140	44	21	3	10	1
Arizona	113	11	69	6	21	6		
Arkansas	222	34	142	35	11			
California	1,034	46	429	243	145	64	104	3
Colorado	283	55	156	34	8	6	24	
Connecticut	222	4	85	86	40	5		2
Delaware	30	7	12		9	1		1
District of Columbia	38		2		1	1	34	
Florida	296	13	156	75	31	12	9	
Georgia	335	53	198	48	22		12	2
Idaho	145	22	99	22	1			1
Illinois	896	180	407	146	42	5	116	
Indiana	620	106	341	92	50	11	17	3
Iowa	561	201	263	68	26	3		
Kansas	527	171	289	28	28	5	2	4
Kentucky	300	65	156	52	8	10	9	
Louisiana	214	28	119	33	22	5	5	2
Maine	158	17	117	15	7			2
Maryland	203	34	80	37	12	10	28	2
Massachusetts	472	9	211	128	97	8	18	1
Michigan	750	184	325	81	67	12	75	6
Minnesota	546	220	252	25	7	12	29	1
Mississippi	263	65	137	51	8	1	1	
Missouri	406	88	203	37	16	4	53	5
Montana	164	34	90	38	1			1
Nebraska	333	133	151	14	13	20		2
Nevada	37	6	17	13	1			
New Hampshire	83	6	53	15	9			
New Jersey	546	36	286	136	61	20	7	
New Mexico	109	10	74	18	6	1		
New York	1,313	184	581	219	126	44	153	6
North Carolina	470	78	254	93	43	2		
North Dakota	187	103	69	14	1			
Ohio	962	159	447	147	33	83	87	6
Oklahoma	349	58	217	46	11	15	1	1
Oregon	233	18	156	28	3	22	4	2
Pennsylvania	1,282	194	717	169	96	4	96	6
Rhode Island	98	3	30	35	11	15	4	
South Carolina	246	33	147	36	27		1	2
South Dakota	190	76	95	16	2			1
Tennessee	290	42	154	54	18	16	5	1
Texas	906	123	531	127	62	20	38	5
Utah	125	17	69	21	16	2		
Vermont	88	19	58	10				1
Virginia	383	110	168	43	39	22	1	
Washington	379	69	176	66	36	5	26	1
West Virginia	228	62	104	40	20	1		1
Wisconsin	640	232	253	101	13	2	34	5
Wyoming	80	18	50	12				
Hawaii	6		2	3	1			
Alaska	5		1	1	1	1	1	
Canada	3			1	1	1		
No answer	490	86	201	70	41	10	53	29
Totals	19,113	3,557	9,539	2,972	1,392	490	1,057	106
Percent of total		18.6	49.9	15.5	7.2	2.5	5.5	0.6

	8. Is new car bootlegging in your area seriously detrimental to your business?		7. If the population of your community is under 25,000, are you located within 25 miles of a metroloitan area?			
	Totals	Yes	No	No answer	Other	
Yes	11,552	2,807	4,417	4,236		90
No	6,463	1,488	3,495	1,448		32
No answer	542	93	212	229		8
Other	556	116	238	182		20
Totals	19,113	4,506	8,362	6,095		150

8. Is new car bootlegging (discount selling to nonfranchised dealers for resale) in your area seriously detrimental to your business?

State	Totals	Yes	No	No answer	Other
Alabama.....	254	207	37	4	6
Arizona.....	113	76	27	4	6
Arkansas.....	222	143	70	2	7
California.....	1,034	700	273	26	35
Colorado.....	283	225	49	6	3
Connecticut.....	222	161	50	9	2
Delaware.....	30	11	19		
District of Columbia.....	38	13	20	2	3
Florida.....	296	237	46	7	6
Georgia.....	335	232	85	7	11
Idaho.....	145	97	41	5	2
Illinois.....	896	546	307	20	23
Indiana.....	620	420	168	20	12
Iowa.....	561	234	299	14	14
Kansas.....	527	346	151	16	14
Kentucky.....	300	196	92	8	4
Louisiana.....	214	164	40	5	5
Maine.....	158	72	80	3	3
Maryland.....	203	116	75	6	6
Massachusetts.....	472	290	154	10	18
Michigan.....	750	253	441	28	28
Minnesota.....	546	261	256	15	14
Mississippi.....	263	150	93	8	12
Missouri.....	406	254	122	10	20
Montana.....	164	61	84	11	8
Nebraska.....	333	173	142	8	10
Nevada.....	37	21	12	3	1
New Hampshire.....	83	48	27	4	4
New Jersey.....	546	413	114	6	13
New Mexico.....	109	94	9	3	3
New York.....	1,313	770	476	32	35
North Carolina.....	470	333	104	19	14
North Dakota.....	187	49	120	10	8
Ohio.....	962	468	417	35	42
Oklahoma.....	349	260	77	9	2
Oregon.....	233	140	79	7	7
Pennsylvania.....	1,282	805	403	31	43
Rhode Island.....	98	78	16	2	2
South Carolina.....	246	198	40	4	4
South Dakota.....	190	83	95	8	4
Tennessee.....	290	200	75	5	10
Texas.....	906	665	201	19	20
Utah.....	125	102	13	5	5
Vermont.....	88	44	41	1	2
Virginia.....	383	176	187	7	13
Washington.....	379	238	115	14	12
West Virginia.....	228	126	92	3	7
Wisconsin.....	640	241	363	15	21
Wyoming.....	80	55	21	3	1
Hawaii.....	6	6			
Alaska.....	5	2	3		
Canada.....	3	1	2		
No answers.....	490	297	140	43	10
<b>Totals.....</b>	<b>19,113</b>	<b>11,552</b>	<b>6,463</b>	<b>542</b>	<b>556</b>

9. Compared with last year has "bootlegging" in your area (a) increased? (b) decreased? (c) remained about the same?

State	Totals	Increased	Decreased	Remained about the same	No answer	Other
Alabama	254	125	18	108	1	2
Arizona	113	59	8	44	2	
Arkansas	222	67	39	114	1	1
California	1,034	329	247	422	21	5
Colorado	283	141	17	123	2	
Connecticut	222	100	25	89	4	4
Delaware	30	11	3	14	2	
District of Columbia	38	11	9	17	1	
Florida	296	182	15	95	1	3
Georgia	335	138	29	166	2	
Idaho	145	61	11	72	1	
Illinois	896	355	86	428	22	5
Indiana	620	336	37	232	10	5
Iowa	561	132	73	341	10	5
Kansas	527	203	43	268	12	2
Kentucky	300	114	30	148	5	3
Louisiana	214	88	24	99	3	
Maine	158	69	13	71	5	
Maryland	203	80	19	96	7	1
Massachusetts	472	219	34	199	14	6
Michigan	750	188	84	389	71	18
Minnesota	546	136	94	298	15	3
Mississippi	263	85	37	134	4	3
Missouri	406	112	57	227	6	4
Montana	164	47	19	89	5	4
Nebraska	333	108	46	169	5	5
Nevada	37	14	5	18		
New Hampshire	83	38	4	39	1	1
New Jersey	546	310	45	180	7	4
New Mexico	109	62	5	40	1	1
New York	1,313	539	144	579	39	12
North Carolina	470	178	61	224	6	1
North Dakota	187	27	29	115	10	6
Ohio	962	320	114	487	28	13
Oklahoma	349	147	38	161	3	
Oregon	233	82	30	112	7	2
Pennsylvania	1,282	540	118	592	26	6
Rhode Island	98	61	1	33	2	1
South Carolina	246	116	17	110	1	2
South Dakota	190	51	26	103	9	1
Tennessee	290	122	30	135	1	2
Texas	906	360	102	429	11	4
Utah	125	73	10	41	1	
Vermont	88	29	8	50	1	
Virginia	383	121	36	205	14	7
Washington	379	115	69	184	6	6
West Virginia	228	85	20	114	7	2
Wisconsin	640	157	75	374	27	7
Wyoming	80	38	7	34		1
Hawaii	6	6				
Alaska	5	1		4		
Canada	3	1		2		
No answer	490	179	65	200	41	5
Totals	19,113	7,268	2,175	9,017	481	172

12. Are you in favor of legislation allowing manufacturers to cancel franchises of dealers who sell cars to unauthorized persons for resale?

State	Totals	Yes	No	No answer	Other
Alabama	254	212	20	12	10
Arizona	113	82	22	5	4
Arkansas	222	146	55	12	9
California	1,034	839	130	28	37
Colorado	283	229	36	8	10
Connecticut	222	179	38	2	3
Delaware	30	21	7	1	1
District of Columbia	38	25	11	2	
Florida	296	227	45	12	12
Georgia	335	251	70	9	5
Idaho	145	117	23	2	3
Illinois	896	673	155	37	31
Indiana	620	448	109	32	31
Iowa	561	395	124	27	15
Kansas	527	393	85	36	13
Kentucky	300	214	67	12	7
Louisiana	214	157	37	12	8
Maine	158	115	32	10	1
Maryland	203	155	36	11	1
Massachusetts	472	377	65	18	12
Michigan	750	477	188	49	36
Minnesota	546	372	106	46	22
Mississippi	263	174	64	13	12
Missouri	406	293	81	15	17
Montana	164	120	30	11	3
Nebraska	333	199	102	19	12
Nevada	37	29	8		
New Hampshire	83	63	12	4	4
New Jersey	546	443	64	18	21
New Mexico	109	87	12	5	5
New York	1,313	998	224	59	32
North Carolina	470	362	65	23	20
North Dakota	187	142	29	10	6
Ohio	962	712	169	48	33
Oklahoma	349	275	53	17	4
Oregon	233	183	40	6	4
Pennsylvania	1,282	984	216	41	41
Rhode Island	98	86	8	2	2
South Carolina	246	196	34	10	6
South Dakota	190	123	48	11	8
Tennessee	290	206	54	19	11
Texas	906	644	190	37	35
Utah	125	109	11	2	3
Vermont	88	58	22	2	6
Virginia	383	267	83	21	12
Washington	379	284	67	11	17
West Virginia	228	183	29	10	6
Wisconsin	640	446	149	29	16
Wyoming	80	62	11	4	3
Hawaii	6	5		1	
Alaska	5	3	2		
Canada	3	2		1	
No answer	490	343	73	64	10
Totals	19,113	14,185	3,411	896	621

## 13. Do you feel that such legislation would effectively curtail "bootlegging"?

State	Totals	Yes	No	No answer	Other
Alabama.....	254	174	40	21	19
Arizona.....	113	68	29	7	9
Arkansas.....	222	131	64	16	11
California.....	1,034	674	200	73	87
Colorado.....	283	182	53	26	22
Connecticut.....	222	151	44	16	11
Delaware.....	30	16	10	3	1
District of Columbia.....	38	17	14	1	6
Florida.....	296	184	57	31	24
Georgia.....	335	201	89	17	28
Idaho.....	145	88	36	12	9
Illinois.....	896	539	231	70	56
Indiana.....	620	365	149	55	51
Iowa.....	561	303	171	56	31
Kansas.....	527	301	135	62	29
Kentucky.....	300	188	83	17	12
Louisiana.....	214	127	57	14	16
Maine.....	158	81	46	16	15
Maryland.....	203	133	48	14	8
Massachusetts.....	472	295	98	45	34
Michigan.....	750	382	255	79	34
Minnesota.....	546	283	158	82	23
Mississippi.....	263	148	73	27	15
Missouri.....	406	226	117	36	27
Montana.....	164	97	34	27	6
Nebraska.....	333	152	125	33	23
Nevada.....	37	23	9	1	4
New Hampshire.....	83	55	16	5	7
New Jersey.....	546	365	108	35	38
New Mexico.....	109	73	19	10	7
New York.....	1,313	796	338	100	79
North Carolina.....	470	320	80	40	30
North Dakota.....	187	112	41	25	9
Ohio.....	962	571	241	81	69
Oklahoma.....	349	221	72	35	20
Oregon.....	233	145	53	18	17
Pennsylvania.....	1,282	802	306	88	86
Rhode Island.....	98	73	11	9	5
South Carolina.....	246	164	44	16	22
South Dakota.....	190	101	56	19	14
Tennessee.....	290	185	70	24	11
Texas.....	906	504	256	64	82
Utah.....	125	84	19	7	15
Vermont.....	88	43	29	11	5
Virginia.....	383	237	95	28	23
Washington.....	379	223	90	35	31
West Virginia.....	228	153	40	17	18
Wisconsin.....	640	346	203	57	34
Wyoming.....	80	46	17	12	5
Hawaii.....	6	4	-----	2	-----
Alaska.....	5	3	2	-----	-----
Canada.....	3	3	-----	-----	-----
No answer.....	490	294	96	84	16
Totals.....	19,113	11,453	4,727	1,680	1,253

## 17. Are you in favor of elimination of "phantom freight"?

State	Totals	Yes	No	No answer	Other
Alabama	254	210	7	36	1
Arizona	113	92	6	15	
Arkansas	222	189	9	24	
California	1,034	887	41	92	14
Colorado	283	211	28	40	4
Connecticut	222	165	16	36	5
Delaware	30	24	1	5	
District of Columbia	38	28	2	7	1
Florida	296	243	8	40	5
Georgia	335	289	11	35	
Idaho	145	119	12	13	1
Illinois	896	677	56	152	11
Indiana	620	457	25	133	5
Iowa	561	457	23	76	5
Kansas	527	417	23	84	3
Kentucky	300	230	12	57	1
Louisiana	214	190	6	17	1
Maine	158	115	13	30	
Maryland	203	159	12	31	1
Massachusetts	472	364	18	86	4
Michigan	750	533	63	148	6
Minnesota	546	420	28	94	4
Mississippi	263	215	11	35	2
Missouri	406	317	18	67	4
Montana	164	115	19	26	4
Nebraska	333	258	20	52	3
Nevada	37	30	5	1	1
New Hampshire	83	59	6	18	
New Jersey	546	406	40	88	12
New Mexico	109	90	5	14	
New York	1,313	1,008	54	245	6
North Carolina	470	335	31	97	7
North Dakota	187	141	9	35	2
Ohio	962	723	55	178	6
Oklahoma	348	296	6	37	9
Oregon	233	187	15	27	4
Pennsylvania	1,282	972	73	226	11
Rhode Island	98	75	5	18	
South Carolina	246	194	11	39	2
South Dakota	190	151	6	32	1
Tennessee	290	232	7	50	1
Texas	906	786	25	90	5
Utah	125	115	5	4	1
Vermont	88	68	6	14	
Virginia	383	280	31	69	3
Washington	379	295	21	60	3
West Virginia	228	172	11	43	2
Wisconsin	640	503	34	102	1
Wyoming	80	62	8	9	1
Hawaii	6	5		1	
Alaska	5	4		1	
Canada	3	2		1	
No answer	490	318	27	144	1
Totals	19,113	14,891	984	3,074	164

19. Do you favor the return to such a system? (Territorial security)

State	Totals	Yes	No	No answer	Other
Alabama.....	254	144	78	24	8
Arizona.....	113	52	39	20	2
Arkansas.....	222	115	82	22	3
California.....	1,034	488	406	107	33
Colorado.....	283	139	107	28	9
Connecticut.....	222	126	73	17	6
Delaware.....	30	13	11	4	2
District of Columbia.....	38	14	20	3	1
Florida.....	296	163	94	30	9
Georgia.....	335	171	126	29	9
Idaho.....	145	68	53	19	5
Illinois.....	896	418	356	102	20
Indiana.....	620	275	267	64	14
Iowa.....	561	303	179	67	12
Kansas.....	527	248	195	72	12
Kentucky.....	300	141	132	24	3
Louisiana.....	214	105	83	18	8
Maine.....	158	72	67	15	4
Maryland.....	203	90	80	30	3
Massachusetts.....	472	224	198	39	11
Michigan.....	750	303	355	77	15
Minnesota.....	546	232	236	65	13
Mississippi.....	263	114	111	29	8
Missouri.....	406	195	142	54	15
Montana.....	164	70	59	34	1
Nebraska.....	333	145	136	42	10
Nevada.....	37	17	16	3	1
New Hampshire.....	83	43	31	9	-----
New Jersey.....	546	265	210	55	16
New Mexico.....	109	62	29	17	1
New York.....	1,313	560	578	146	29
North Carolina.....	470	260	160	38	12
North Dakota.....	187	81	66	35	5
Ohio.....	962	403	443	86	30
Oklahoma.....	349	195	119	25	9
Oregon.....	233	107	96	24	6
Pennsylvania.....	1,282	568	552	112	50
Rhode Island.....	98	41	44	13	-----
South Carolina.....	246	136	86	16	8
South Dakota.....	190	85	69	30	6
Tennessee.....	290	137	122	27	4
Texas.....	906	252	459	184	11
Utah.....	125	68	43	10	4
Vermont.....	88	42	37	6	3
Virginia.....	383	154	184	35	10
Washington.....	379	154	157	50	18
West Virginia.....	228	113	88	22	5
Wisconsin.....	640	259	294	71	16
Wyoming.....	80	43	24	10	3
Hawaii.....	6	4	1	1	-----
Alaska.....	5	3	2	-----	-----
Canada.....	3	2	-----	1	-----
No answer.....	490	210	171	104	5
Totals.....	19,113	8,693	7,766	2,165	489

19. Do you favor the return to such a system? (Territorial security)	Totals	18. Prior to 1950 did you operate under a contract which allowed manufacturers to impose penalties on sales outside your franchised territory? That is, did you operate under a territorial security clause?			
		Yes	No	No answer	Other
Yes.....	8,693	6,279	1,794	477	143
No.....	7,766	3,708	3,474	463	121
No answer.....	2,165	390	985	750	40
Other.....	489	339	82	24	44
Totals.....	19,113	10,716	6,335	1,714	348

19. Do you favor the return to such a system? (Territorial security)		6. Is the population of your community—						
		Totals	Under 2,500	2,500 to 25,000	25,000 to 75,000	75,000 to 250,000	250,000 to 500,000	Over 500,000
Yes.....	8,693	1,057	4,080	1,841	908	274	513	20
No.....	7,766	1,955	4,172	777	301	143	390	28
No answer.....	2,165	474	1,037	275	133	57	21	56
Other.....	489	71	250	79	50	16	133	2
<b>Totals.....</b>	<b>19,113</b>	<b>3,557</b>	<b>9,539</b>	<b>2,972</b>	<b>1,392</b>	<b>490</b>	<b>1,057</b>	<b>106</b>

19. Do you favor the return to such a system? (Territorial security)		7. If the population of your community is under 25,000 are you located within 25 miles of a metropolitan area?			
		Totals	Yes	No	No Answer
Yes.....	8,693	1,529	3,622	3,479	63
No.....	7,766	2,371	3,573	1,758	64
No answer.....	2,165	478	970	703	14
Other.....	489	128	197	155	9
<b>Totals.....</b>	<b>19,113</b>	<b>4,506</b>	<b>8,362</b>	<b>6,095</b>	<b>150</b>

## APPENDIX

---

The following constitutes a sample of dealers' replies to question 20, which reads: "Have you any further comments regarding conditions in the automotive industry today?"

### *Texas*

*Buick.*—My only suggestion would be to eliminate the "yearly franchise" practice now in effect.

### *Georgia*

*Buick.*—(1) Install territorial security clause, (2) manufacturer should pay dealer for AFA.

Work the same as he charges his customers. They would naturally say "No." A franchised dealer is not given as near as much consideration as one of their employees. They have given him guaranteed working pay, whether he works or not. What do they tell a dealer. Just read one of their contracts. It is indirectly a must for you to operate like they want you to or be punished. The quicker the manufacturer realizes that the dealer is his customer instead of an employee, we will be better off. The only way that both can make a continued success is by cooperation.

### *Missouri*

*Chevrolet.*—Factories subordinate all other considerations to great god volume and childish mania for leadership at any cost.

### *Washington*

*Dodge-Plymouth.*—Another 2 years of continued factory overproduction will break 50 percent of the present dealers.

### *Indiana*

*Ford.*—There is nothing wrong with the automobile business today. In fact I can't think of a better business to be in.

### *California*

*Ford.*—The things the factory and its representatives have done would make your hair stand on end. A dealer has no security. If he fights the factory, he is canceled at once. They get away with murder.

### *Oklahoma*

*Ford.*—Mike, if you will check what the boys pay for cars at Dallas, and then get the price at Tulsa or Oklahoma City, then add convoy charge to Tulsa or Oklahoma City from Dallas paid by company which adds to their cost, you will find the reason for so many cars at Dallas.

### *California*

*Cadillac.*—I feel generally that the factories, through means they now have, can clear up bootlegging if they want to. Phantom freight would play a big part if it was completely equalized.

### *Washington*

*Nash.*—For some years the Federal Government subsidized overproduction of farm produce. Now the dealers are forced to subsidize overproduction in the automobile field. \* \* \* Cut back production to sensible proportions. \* \* \* "They are as sick that surfeit with too much as they that starve with nothing."

### *Washington*

*Lincoln-Mercury.*—The dealer organization is being enlarged to a point that few will be strong enough to stand slow times—50 percent of dealers will be lost with any kind of a decline in business.

*Nebraska*

*Studebaker.*—The margin of profit is very small today due to so much over-allowance on trading. The country is glutted with used cars.

*North Carolina*

*Chevrolet.*—Present merchandising methods most deplorable in the 25 years I have been in business.

*Colorado*

*Chrysler-Plymouth.*—It looks as if two big companies want to put everybody out of business.

*Florida*

*Chrysler-Plymouth.*—We strongly favor legislation on contract canceling franchises of dealers who sell new cars to unauthorized persons for resale. Also \* \* \* a return to the territorial security clause would eliminate much of the present disgraceful tactics of merchandising automobiles. Unless (there is) \* \* \* decided improvement, \* \* \* we certainly are closing our doors. Legislation is desperately needed to get the \* \* \* industry back on the sound business footing it should have.

*Colorado*

*Chevrolet.*—\* \* \* nationwide freight equalization plus territory security would be great step toward stabilization of this industry.

*Arizona*

*Oldsmobile.*—Why should the factory sell to States and counties for less than they will to a franchised dealer?

*Texas*

*Ford.*—Dealers should not be compelled to buy excessive advertising and be forced to take part in contests that they have no voice in the rules for winning, and should not have to buy from one to three hundred dollars worth of special tools every time a new model comes out, 50 percent or more of which are never used. We are told that this purchase is a must and we always have to buy.

*Ohio*

*Chevrolet.*—Dealer franchise should be changed to the extent that the dealer can least operate his business according to his best judgment without pressure from the factory to make sales that are not profitable just in order to maintain price or weight class position for them.

*Michigan*

*Chevrolet.*—\* \* \* a lot of the difficulty \* \* \* is due to fierce competition. While this competition might destroy a lot of the good automobile dealers and be in a long run detrimental to the business as a whole, I do not see how the Government could legislate controls that would help to any extent.

*Georgia*

*Chevrolet.*—The voracious manufacturers are promoting the ruin of dealers (small) and the public best interest in the race to stay in first place or get in first place.

*Ohio*

*Studebaker.*—Overproduction \* \* \* Who is making money? The manufacturer.

*Pennsylvania*

*Oldsmobile.*—Would hate to see the return of regulations to the automobile business—but with the "blitz" advertising \* \* \* it may be a good idea \* \* \* to curtail long credit terms. \* \* \* Sell the product you represent rather than terms. \* \* \*

*North Carolina*

*Chevrolet.*—\* \* \* All dealers should have a better guaranty with the manufacturer for the dealers' investment. At present a dealer has a 1-year franchise. Something should be done for the dealer's future.

*West Virginia*

*Dodge-Plymouth.*—I would like to see a dealer have to pay at least \$100 for selling in another dealer's territory. \* \* \*

*South Dakota*

*Cadillac.*—The factory is too profit-conscious at the sacrifice of the dealer.

*Massachusetts*

*Dodge-Plymouth.*—Stop overproduction.

*New Jersey*

*Dodge-Plymouth.*—Need credit restriction.

*Texas*

*Chevrolet.*—Large eastern cities ship new cars into local areas at cheap prices. The cars are sold to nonfranchised dealers. They are able to do this because of the freight rates.

*Texas*

*Chevrolet.*—I have been in the wholesale and retail of the new-car business for the same car line for 30 years, a franchised dealer for the past 8, and this is the way I see to correct this entire mess and let franchised dealers make a fair return on their investment:

1. Control factory overproduction, due to greed for leadership and forcing the dealers to cast away all ethics of salesmanship and enter into eye-gouging tactics to deliver new cars which has created a ridiculous low gross for the dealer in comparison to the factories.

2. Fair distribution of new units to all franchised dealers.

3. Equalization of freight—Why not? You have no complaints on dealers bootlegging parts. They are delivered from the factory's depots to dealers in New York for the same price they are sold to dealers here in Texas. This one item alone, it is believed, would go a long way toward eliminating selling cars to nonfranchised dealers.

*North Carolina*

*Ford.*—Both financing and selling is too wild. One day this will all burst like a bubble and then what?

*Texas*

*Lincoln-Mercury.*—Need franchise agreement that protects dealer investment and security.

*Texas*

*Chevrolet.*—Sure hope you do something about this bootlegging. Thanks a million.

*Idaho*

*Ford.*—We want uniform freight. So much freight at Detroit and same freight all over USA. This will stop the flow of new and used cars from East to West.

*Texas*

*Dodge-Plymouth.*—(1) There is too much pressure by factory to sell cars or clean up models without the proper discount. Dealer takes the loss without the proper help from factory. (2) Arbitrary shipments of equipment such as power steering, power brakes, and power motor equipment are placed on cars ordered without this equipment and are paid for before the dealer knows about such equipment being placed thereon.

This business is long overdue. The contract is one-sided and should be equalized. We have some recent evidence of the arbitrary shipments mentioned above. It should not be allowed.

*Washington*

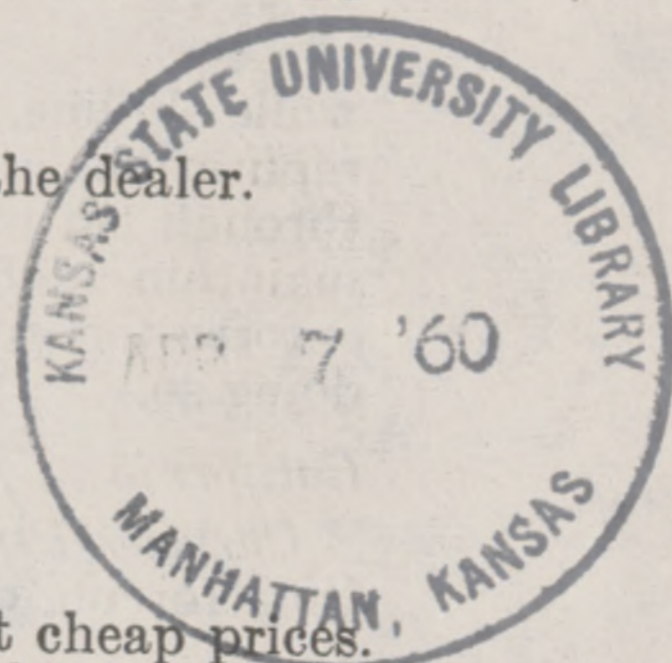
*Chevrolet.*—Urges a more equitable basis of car distribution.

*Ohio*

*Pontiac.*—The main cause for the trouble we all are having is overproduction, causing too much wild trading.

*Louisiana*

*Chevrolet.*—There is a basic conflict at present between the long-range objectives of franchised dealers on the one hand and factory short-term expediency on the other. Factories want terrific volume at full factory markup now while economy and market will stand the pressure. \* \* \* Bootlegging furnishes factories additional "hot-shot" quick volume without marketing costs or supervisory expense,



while old line, high overhead franchised dealers are standing by protecting product reputation, and taking care of service headaches for factories on products sold through "stimulator" outlets, while themselves being forced through contract to maintain high capital and building standards. Don't believe factories would enforce territory security or any other type bootleg clauses unless pressured into doing so.

#### California

*Chrysler-Plymouth.*—Something should be done toward stopping manufacturers from forcing dealers into buying more cars than they can sell at a profit.

#### Michigan

*Packard.*—Factories must stop overproduction before the auto dealers all go broke or sell out as the case may be. This cannot go on.

#### Indiana

*Chrysler-Plymouth.*—The local dealer should be included in discussions concerning the number of new cars that are to be sold in each community—particularly Ford and General Motors dealers.

#### Illinois

*Dodge-Plymouth.*—Thirty months' maximum terms on new car. Result: Bring back the value of late model used cars by pricing people that should be buying used cars out of the new car market \* \* \* this in turn should curb overproduction.

#### Utah

*Ford.*—With the factories netting up to \$16 per \$100 of sales as compared with the 1954 average among dealers of \$1.80 which includes their parts and service, there is too much evidence of "sell regardless" on the part of the factories, I cannot feel sure legislation will correct this.

#### Colorado

*Lincoln-Mercury.*—Unless something is done the franchised dealer will discontinue operation for curbstone operation; eliminate service departments and hinder the maintenance system that keeps cars on the road.

#### Maryland

*DeSoto-Plymouth.*—What's good for the factories is not necessarily good for the dealers and as long as every manufacturer wants to be No. 1 there is no solution. \* \* \* The dealers themselves are not blameless. Their selling and advertising policies are ridiculous and do not merit the patronage of the average intelligent consumer.

#### Colorado

*Lincoln-Mercury.*—Return on sales alarming toward future existence.

#### Illinois

*Ford.*—Need to have price stabilization at once. Stop high overallowance and inflated finance charges and increase monthly payment used by many at present. Set new-car finance charge and stop kidding the public.

#### Arizona

*Dodge-Plymouth.*—The fight for first place in sales by the leading manufacturers in Detroit casts the burden and resultant losses on the dealers.

#### Georgia

*Ford.*—One franchise dealer should not be permitted to invade another dealer's territory when he is overloaded with cars, or place new or used cars through local parties in some other dealer's territory.

#### Idaho

*Chevrolet.*—With the large investments dealers have to have to meet factory standards they should have longer than a 1-year franchise. If it should be canceled, it would mean financial ruin for the dealer. The factories use this stick over the dealers to make them do as they wish.

#### Pennsylvania

*Chrysler-Plymouth.*—Worse than through so-called depression years. \* \* \* Dealers are shipped models that are not salable in this area and either sell to bootleggers or sell with no allowance to cover overhead. \* \* \*

*Colorado*

*Nash.*—I feel that all dealers are under too much pressure and controlled by factory influence. \* \* \* I really believe that factory-dealer relationships should be the main thing to investigate and that would do much to stop what you term "bootlegging."

*New York*

*Studebaker.*—As a Studebaker dealer I am not bothered by overproduction by Studebaker but overproduction by GM and Ford does hurt us and their dealers. \* \* \*

*Colorado*

*Ford.*—We are almost in the condition of 1933 when the only thing that could help us is a return of NRA or similar regulation. Overproduction and foolish desire for leadership on the part of the factories is responsible. \* \* \* The large corporations by the very nature of their operations are forcing the smaller dealer into bankruptcy.

*Alabama*

*Pontiac.*—Consider life of smalltown dealer nearing end. Unable to meet metropolitan competition. Factories are concentrating on volume sale only. Public will suffer if local dealers are forced out of market.

*Indiana*

*Nash.*—We feel problems involved are more than bootlegging alone. Overproduction has put the car dealer in a position which has caused a wave of unethical practices—anything to get his cars sold. A normal supply of automobiles would put him in a position where he could do business in a normal manner.

*New York*

*Ford.*—Bootlegging has not seriously affected us yet, but it is causing great sale resistance because of the metropolitan papers which show big discount ads.

I believe every dealer should have a territorial security clause with a stiff penalty for infringement. I believe regulation W should be enacted again with a 24-month limit. This would stop crazy advertising. This would put people in good late-model used cars which they can afford to pay for instead of new ones which eventually will be repossessed.

*Indiana*

*Chevrolet.*—A used-car dealer can undersell me as he does not have the overhead that I do.

*Illinois*

*DeSoto-Plymouth.*—The dealer is in a financial squeeze between the factory and the public. His margin is not protected and he does not get a proper return on his investment. \* \* \* He is overburdened with too much of his effort going in taxes—both direct and indirect.

*Texas*

*Chevrolet.*—I think there are too many direct and indirect taxes placed on automobiles. The manufacture or Federal tax (sic) should be reduced, at least, if not eliminated.

*Ohio*

*Chevrolet.*—The automobile business as a whole is a good business and I have been in it all my life. I believe if there was less factory pressure and more dealers were forced to stay in line with good business practices, this so-called bootlegging would vanish overnight.

My investment is \$146,000 and so far this year I have made about 1½ percent return on my investment.

*Michigan*

*Lincoln-Mercury.*—It is still a good business for the dealer that is a good businessman. I don't think competition is much tougher than it is in any other field of merchandising today.

*Kentucky*

*Dodge-Plymouth.*—I believe if territory security is returned with enough penalty for infringement of same, bootlegging will be stopped. It is the easiest way of policing bootlegging, stopping the sale of cars at the dealer source.

*North Carolina*

*Chevrolet.*—The trouble with the automobile business today is a "rat race" between Chevrolet and Ford for the No. 1 place in registrations. They are creating a so-called false market by dumping the automobiles on dealers. \* \* \*

What we need is Government regulations on down payments and terms. This would force the manufacturers to curtail production and give the dealer an opportunity to sell his merchandise at a reasonable profit. If something along this line is not done pretty soon, the manufacturers will break more than half of their dealers in their mad scramble for the No. 1 place. \* \* \*

*Louisiana*

*Chrysler-Plymouth.*—During 1954 we sold 6 million cars in a 5-million car market. In 1955—8 million in a 6-million market. We are now selling our 1957 prospects and a lot of dealers are getting hurt in the process, of overallowances on used cars and long-term financing to be able to move these cars.

*Massachusetts*

*Chevrolet.*—I believe that overproduction has caused 99 percent of the adverse conditions experienced at present.

*Pennsylvania*

*Pontiac.*—Factory pressure is the greatest cause for the ills of the automobile business today.

*Washington, D. C.*

*Buick.*—Business is good. I am making money. Thanks.

*Pennsylvania*

*Chevrolet.*—Availability of adequate parts and service by franchised dealers require protection from sale of cars by unauthorized outlets. Buying public in jeopardy when buying car from unethical and irresponsible outlets. Wartime operation of dealers indicate need of protecting franchised dealer outlets for any future emergency.

*North Carolina*

*DeSoto-Plymouth.*—In our location the main trouble seems to be the race between Ford and Chevrolet for first place. These dealers are being loaded with too many cars for this territory, and I cannot see how they operate at a profit. The use of long-term credit to move the overproduction of cars seems to me a big danger. A person can buy a new car with less money than it takes for him to buy a used car. I consider the overproduction of cars the No. 1 evil in the industry today.

*Tennessee*

*Lincoln-Mercury.*—Freight rates are not our major problem. Actually, there was not but 1 month of the 1955 model year that we received enough cars. However, during this same period other make dealers were receiving great quantities—especially GM dealers. The volume of sales was great enough to break price structure. Without price structure this business will never be substantial. Too much production such as the industry produced, as a whole, in 1955, is the greatest evil we contend with.

*Michigan*

*Packard-Studebaker.*—I think that the overproduction of General Motors and Ford are causing the main trouble. When anyone can buy their product for \$100 over invoice it is time that something is done about it.

*Michigan*

*Foreign make.*—If factory coercion of dealers is not currently subject to regulation, we need a law.

*Pennsylvania*

*De-Soto-Plymouth.*—Forcing cars on dealers who are too timid to say no is the biggest cause in my belief of bootleg sales because too many dealers can not afford to hold them and this is the easy way out.

*Nebraska*

*Ford.*—Overproduction and factory pressure are chief causes of our trouble.

*Nebraska*

*Chrysler-Plymouth.*—I will be broke in about 6 months.

*Kansas*

*Ford.*—At this time Government legislation, we feel, is not needed. Dealers must learn to solve their own problems with the factory to keep our portion the economy free and independent.

*Missouri*

*Nash.*—Too liberal credit terms (small or no downpayment and long duration of payments) is a serious threat to our economy—could lead to another disastrous decline from a negligible downward trend.

*Missouri*

*Kaiser-Willys.*—\* \* \* No dealer should be forced to purchase units, such as trucks or certain types of cars, just because some factory projected wrong, in order to secure the units that will sell in his area. \* \* \* Crazy, unethical finance terms and advertising \* \* \* should be banned.

*New Jersey*

*Chevrolet.*—Auto dealers should have permanent contract. Factories should not be able to cancel contract unless grievous offense. Factories should have to renew contract. \* \* \*

*West Virginia*

*Packard.*—The opportunity the factory reserves to cancel contracts in 30 days without reason. (This) should be changed to protect all—especially dealer and buying public.

*Rhode Island*

*Chevrolet.*—Would like to see strong control by Government or State over all automobile dealers to eliminate bootlegging and other unethical practices. \* \* \*

*Pennsylvania*

*Pontiac.*—\* \* \* Change the selling agreement between the factory and the dealer. \* \* \* Make it impossible in some way that the factory cannot cancel out or refuse to renew the selling agreement for no other reason than that the dealer is not selling enough new cars to satisfy the factory. \* \* \*

*Tennessee*

*Oldsmobile.*—Should have protection with regard to cancellation of contracts by manufacturer. \* \* \* The manufacturer holds both ends of the string \* \* \*.

*Colorado*

*Ford.*—\* \* \* The shortsighted expedient used by manufacturers for temporary volume by setting up dealers known as sales stimulators in metropolitan markets \* \* \* (who offer) cut-rate prices and razzle-dazzle seducements \* \* \* serve the factories by making false claims of additional production being needed that soon gluts the market. \* \* \*

*Illinois*

*Chevrolet.*—Eliminate the new-car registrations which are used as the barometer of percent of sales that the manufacturer uses as the hammer over their dealers to produce more sales. When a dealer has to take unprofitable deals to get his share of the new-car registrations, he has to sacrifice profit. We know of no other business which uses registrations as a method of putting pressure on the franchised dealers of the product to take more merchandise than they can sell at a profit.

*Missouri*

*Studebaker.*—Overproduction is the curse of today's automobile business. Dealers are expected to keep selling regardless of profit and yet the independent dealer, a small-business man, is completely overlooked by both management and labor in its recent GAW negotiation. The dealer is in due need of a "guaranteed annual margin."

*Illinois*

*Pontiac.*—Small dealers should have protection against factory pressure.

*Indiana*

*Chrysler-Plymouth.*—Bootlegging, as I see it, has been brought about solely from the manufacturer. These manufacturers are aware of the conditions and care little about doing much for the dealer being affected.

*Kentucky*

*Buick.*—Production is too high for a stable future.

*Kentucky*

*Cadillac.*—(1) Overproduction; (2) too liberal credit terms.

*Illinois*

*Lincoln-Mercury.*—The automobile business is important to the whole country and if it requires laws to keep it in line then lets have them.

*Massachusetts*

*Nash.*—No packs, no gimmicks, no come-on advertising.

*Nebraska*

*Willys.*—Factories can or could correct any and all problems in automobile retailing if they cared to—through contracts and a reasonable and honest supervision of their dealers.

*Illinois*

*Pontiac.*—Don't feed inflation—restrict credit terms to 21 months on new—15 months on used.

*Illinois*

*Chrysler-Plymouth.*—Seems as though the auto dealers should organize on the same basis as labor—and strike at the slightest bit of difference.

*Texas*

*Dodge-Plymouth.*—Curtail production to actual need. Lower cost. Factories are getting full retail prices to dealers. Too many high-salaried executives from \$75,000 to \$1 million per year.

*Missouri*

*Chrysler-Plymouth.*—For every car bootlegged, a customer for a profitable deal is off the list of prospective buyers.

*Kansas*

*Lincoln-Mercury.*—I believe some of the larger dealers and factories should be investigated for auto trust relationship \* \* \*.

*Kansas*

*International.*—Some method to stop discount selling would help larger dealers with large overheads to stay in business and pay their taxes.

*North Carolina*

*Chrysler-Plymouth.*—Legislation is urgently needed.

*Louisiana*

*De Sota-Plymouth.*—Yes. I think the only solution is left to our Federal Government officials to make certain laws to protect the greatest small business in America. I for one am seriously thinking of giving up this automobile business. We cannot compete with used car lots selling new cars because we have to uphold the car manufacturer's good name by servicing their makes of cars, which the customer is entitled to regardless where he buys the car.

P. S.: You can use my comments or my name for any just purpose whatsoever. It is no secret I am personally fed up with this car situation. Thanks very much for the questionnaire.

*Texas*

*Chevrolet.*—The auto business will be insecure so long as factory only gives a 1-year contract. It takes \$50,000 to handle a small deal and it isn't feasible to make that kind of investment and only have a 1-year contract.

*Michigan*

*Packard.*—Some form of concrete advisement to small ambitious person or persons who wish to set the world on fire with an investment of from \$20,000 to \$30,000—to stay out. This of course would necessarily involve probably 85

percent of the smaller manufacturers' dealers—such as Studebaker, Packard, American Motors—with dire results to both small companies which again plays into the hands of the Goliaths \* \* \*.

#### California

*Ford.*—I think it is time our Government takes a hand in the personal feud between Mr. Breech of the Ford Motor Co. and Mr. Curtice of General Motors. Their determination to outdo each other in production is ruining an industry and small business which is so important to our national economy. This overproduction makes it practically impossible for individual dealers to operate at a fair profit and to stay in business. This forcing of cars down the dealers throats must be stopped if this industry is to survive.

#### Alabama

*Buick.*—There needs to be a Federal law prohibiting dealers from false advertising \* \* \*.

#### Massachusetts

*DeSoto-Plymouth.*—Unless something is done to make it possible for a new-car dealer to realize a fair profit there'll be a collapse of automobile dealers, and eventually a monopoly by the factories to do their own retailing.

#### New York

*Buick.*—Dealer lack of security due to yearly contract with factory makes the dealer wholly dependent on factory policy and whims.

#### New Jersey

*Ford.*—Competition is very rough. Percent of profits is almost nil. But under a free-enterprise system—which I fully believe in—there isn't much that can be done about it.

Dealers must operate their businesses better to survive. Factories must cooperate more for the dealers' welfare and be allowed under the law to do so.

#### Oregon

*Chevrolet.*—Would like to see return of penalty clause in franchise, by which a dealer who sold to any automotive sales outlet, other than an approved subdealer, a unit which he knew was being purchased for resale must pay to the dealer in whose zone of influence the car was sold the difference between cost and recommended list price.

#### Idaho

*Dodge-Plymouth.*—\* \* \* manufacturers that award bonuses to their dealers for great numbers of new-car deliveries (with those cars being sold to questionable credit risks and at terrific discounts) force competition to a point where a great many dealers cannot compete. The average profit per new car is dropping to such a point that it is a question of whether it is worthwhile to stay in business and compete.

#### Georgia

*Studebaker.*—The main cause for conditions existing in the automotive industry today is overproduction by General Motors and Ford—forcing sales for registrations.

The connection between General Motors dealers and GMAC and MIC allows financing on low downpayments and long terms that Chrysler and independents cannot get, which is strictly in violation of antitrust law, but it seems that General Motors can get by with anything. If the monopoly cannot be broken up, give us regulation W, so that every manufacturer and dealer will be on the same basis.

The franchised dealer is required to have a building, a parts inventory and other facilities necessary for the servicing of his factory's new cars, employ trained personnel, and meet other requirements that necessitate a heavy overhead, while the used-car dealer can operate from just a lot with a very small percentage of the number of employees.

Unless the present situation is changed the franchised dealer would be foolish to continue in business, and you can well see what that will do to the economy of the country.

#### Colorado

*Dodge-Plymouth.*—There should be some legislation to protect the dealer from undue pressure from the factories. In my opinion, a dealer should have the

right to decide how many cars he can sell in his market at a profit and order accordingly without being threatened with the cancellation of his franchise.

*Ohio*

*Ford.*—So far this year, Ford Motor Co. has enfranchised an additional 7 new dealers within a 15-mile radius of us. These dealers do not have proper facilities to service the cars they sell; neither do they have capital to stock sufficient parts. They cut prices more than established dealers have been doing and try to hire away personnel who have been trained at the established dealers' expense.

*Utah*

*Ford.*—Freight differentials and unethical franchised dealers along with pressure to take more cars than needed has, along with overproduction, caused much of the bootlegging.

*California*

*Pontiac.*—Territorial security clauses are no cure for any of the ills of the industry. Large areas, such as the 40 or so Pontiac dealers in metropolitan Los Angeles, are able to maintain a paid employee to check up on territorial security violations and thus impose penalties on dealers outside their territories; whereas, small dealers are not able to maintain such a checking system and cannot spot such violations by the dealers in the metropolitan areas.

*Colorado*

*Chevrolet.*—My answer to 12 is "No" for I would rather have Congress give the automobile manufacturers permission—not a mandate—to reinstate what was known in our Chevrolet contract as territory security and the bootleg penalty \* \* \* which caused the selling dealer to pay \$35 if paid voluntarily, or \$50 if he delayed paying over a certain time, to the dealer in whose territory the sale was made to a legitimate, retail customer, except fleet users. If the sale was made to, or found its way into, the stock of a competing franchised or used-car dealer, the penalty was \$200. This clause made bootlegging unprofitable for all but did not affect the public interest. This small fee paid a neighboring Chevrolet dealer did not deter dealers from selling in another dealer's territory and thus protected the public interest by permitting full competition. \* \* \*

I believe in the franchise system for dealers but think it will be discontinued within 5 or 10 years if bootlegging is not stopped. This will greatly injure the public interest for the manufacturers will have to solicit and sell to all dealers. They will not be able to estimate and build as they do now. Therefore, their production will be unpredictable and undoubtedly lower, and the public will have to pay more for this limited production \* \* \*. Factories are dependent on dealers as dealers are on them. If too many dealers become unprofitable, factories will change the situation before it hurts their interest. Please give them the right to protect our franchise and the public interest by amending the antitrust or applicable laws as follows:

"It shall not be unlawful for any manufacturer to place a money penalty clause in its contract with its franchised dealers as a penalty for selling their product in another similarly franchised dealer's city, town, or village, or territory outlined in said dealer's contract; or to an unfranchised dealer, or a franchised dealer of another make product, for resale."

\* \* \* \* \*

I do not think phantom freight is a problem. I would like to have legislation that would permit a factory to deliver its products anywhere in the United States at the same price. I believe this definitely in the public interest for the public would then know what it should pay for an article. The way it is now \* \* \* it's perfectly legal to set any price—higher or lower than a factory-suggested price (and will be after permissive legislation), but the factories could protect the public interest by advertising their suggested retail price.

I don't believe Congress could find many dealers actually canceled for not taking cars. Our factory certainly makes every effort to sell us a great number of cars, and sometimes more than we think we should take, but if I had only one customer in \* \* \*, I think probably I would "turn on the heat" to try to sell said customer so I grant the factory the same privilege and must have the "guts" to say "No" when I think I have bought enough \* \* \*.

*California*

*De Soto-Plymouth.*—Look into factory relations with large dealers who are able to buy in large volume.

*Mississippi*

*Ford.*—Unethical (false advertising) prices, down payments, payments per month will eventually kill the small dealers. Finance charges are usually exorbitant with most unethical and unauthorized dealers.

*Maine*

*Hudson.*—Payment period should be limited to 24 months.

*Arkansas*

*Ford.*—Misleading advertising is very bad.

*North Dakota*

*Dodge-Plymouth.*—There is little question but what overproduction is the main cause of dealer distress. In order to move extra cars some dealers feed the bootleg market. Overproduction forces dealers to expand their retail market by granting unusual terms, overallowing on trade-ins and otherwise bringing into the new-car market many buyers who belong in the late-model used-car market.

*Oregon*

*Chrysler.*—I believe our dealer and factory franchise should be strengthened in the dealer's favor. Dealer actually makes factory profits possible by aggressive penetration of dealer's market. Present dealer-factory franchises offer dealer very little protection, yet factory requires heavy investment by dealer.

*Michigan*

*Ford.*—It's overproduction that causes all the evils.

*California*

*Ford.*—The only concern I have is the present trend of the Big Three to monopolize the retailing field for new cars by use of the motor-holding financing set-up for new dealers. This means that they control the policy of the dealership to fit their primary purpose of selling new cars in volume without regard to service or community good. In our area a majority of new-car sales are controlled by the manufacturers through his means. Old dealers are being forced out.

*Nebraska*

*Chevrolet.*—The major automobile manufacturers are apparently projecting their production figures on a scale for position instead of the consumer market. The fight for first place between General Motors and Ford has become so intense that they are overproducing automobiles at a fantastic rate without giving any consideration to the retail dealer's profits. Dealers are discounting away most of their legitimate profits so that they may be able to sell enough cars to meet the dealer sales quota set by the manufacturer. \* \* \*

*Utah*

*Cadillac.*—I feel that most of our troubles are due to a combination of conditions—overproduction, weak and unethical dealers and factory pressure to move cars. I feel that a uniform price throughout the United States would eliminate the biggest shares of these problems.

*Nevada*

*Packard.*—A healthy condition in the automobile industry can be maintained only by factory control by Government. A quota 5 percent under present rates or just enough to take care of actual needs would eliminate mortality among dealers and take care of all customers. A closed dealership penalizes buyer, as a new dealer will not care to go so far in taking care of a customer as the dealer that sold car. These forced sales of overstock do not help the consumer, as these dealers put such a big pack on their prices, in order to give outlandish allowances, that the customer will take a 50-percent depreciation on his car the first year, thus creating a very unhealthy condition.

*New York*

*Pontiac.*—The factory should be compelled to pay the dealer within 30 days on his warranty work rather than make him wait 6 to 12 months sometimes for his money. If the dealer doesn't pay the factory promptly he loses his franchise. This is all one-sided and should be changed immediately.

*Nevada*

*Chrysler.*—Let's keep the Government out of the car business.

*New York*

*Ford.*—1. Bootlegging \* \* \* Government regulation is not the answer. The solution lies in an enlightened buying public and also in stronger dealers.

2. Phantom freight rates. The auto manufacturers today are hard as nails in a very competitive business. We all must trust them to make decisions as to pricing, etc. They must make profits. They must be competitive. The pricing structure is sound. The basis has merit.

3. Territorial security. This is as old-fashioned as the model T. In the public interest let the customer shop the market. Only a weak dealer who wants a crutch looks for this "free ride."

\* \* \* This year, the 40th year of our existence in the same location with the same product, marks the most successful year we have yet enjoyed. \* \* \*

We believe the reasons are clear:

1. \* \* \* We deal in a cooperative spirit with our factory, our customers and our employees.

2. We have geared ourselves to merchandise in volume. \* \* \*

3. We have better products to sell because our manufacturer is not regulated with synthetic controls which limit his scope.

*Texas*

*Chevrolet.*—The prevalence of false and misleading advertising by auto dealers on both prices and terms is having a very demoralizing effect on the public and should be stopped by legislation of some type.

*Pennsylvania*

*Chevrolet.*— \* \* \* In their desire for excessive profits factories have pressured dealers into an unsound competitive position, in order to secure volume. Factories actually encourage cross-selling. \* \* \* Why should all the competition be at the dealer level? For over 15 years no major manufacturer has advertised a price reduction in spite of excessive earnings. Repercussion when it comes—and it will come—will be serious. \* \* \*

Get some ethics back in the business, even if it takes Government regulations.

Reinstate regulation W (at least for the auto industry) to prevent unsound selling.

Reinstate excess profits taxes.

Regulate that all manufacturers file price schedules, including dealer discounts, with the Department of Commerce, and that all bonuses, special discounts, etc., at cleanup time be listed and advertised as price reductions to consumers. This information should then be made available to any dealer upon request.

Government should work in closer harmony with NADA in the following out of essential recommendations.

*Ohio*

*Buick.*—Hard to make a fair profit under today's market unless you operate at high volume.

*Pennsylvania*

*Packard.*—Car dealers are forced to take more cars than they can sell making a reasonable profit. So they pass them on to bootleg dealers at \$25 to \$50 over invoice. The bootleg dealers passes them on to a customer at another \$25 to \$50 over his price.

*Pennsylvania*

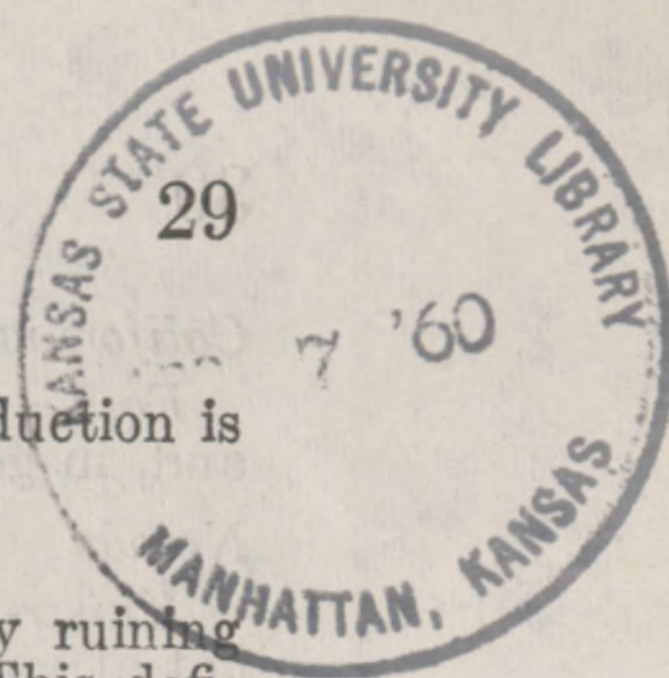
*De Soto-Plymouth.*—I would like to see a penalty of \$100 to \$150 on the dealers that sell to bootleggers, also on factory's full gross profit. I would like to see some law passed so we could run our garage like other business places, at a fair profit, as now the factory runs us.

*Iowa*

*Dodge-Plymouth.*—Factories insist on too much production. Some factories—Ford and GM—are too big, should be controlled and not allowed to use such forceful methods on dealers.

*Cadillac.*—We feel that if the automobile business continues \* \* \* as it has been going in the last 2 years in reference to overproduction, low finance deals (36 months), padding of car prices, big overallowances, the business will go to the larger metropolitan areas and cars will be sold on a volume basis, pushing the smaller dealers in the smaller communities out of the business.

THE AUTOMOBILE MARKETING PRACTICES STUDY



*Massachusetts*

*Ford.*—We honestly believe that the race for leadership and overproduction is bad for both the dealer and the buying public.

*Texas*

*Buick.*—Unethical franchised dealers, false advertising are definitely ruining the franchised dealers \* \* \*. There is so much false advertising. This definitely should be stopped. Bootlegging by the larger dealers that is sanctioned by the factory representatives should be stopped, or the little dealer should not be criticized for doing this.

*West Virginia*

*Chevrolet.*—Territory security would eliminate the problems of the dealer.

*Illinois*

*Dodge-Plymouth.*—(1) Legislation should be considered to eliminate fraudulent or misleading advertising. (2) A board should be established similar to National Labor Boards to act as a mediator in all involuntary franchise cancellations.

*California*

*Chevrolet.*—Factories are pushing the dealers for volume. Result is very large discounts, wild terms and false advertising, with high interest rates. Regulation would help—one-third down and 24 months with fixed interest rates on new and used cars.

*Iowa*

*Ford.*—Franchised dealers are on their way to ruin because of (1) a race between two manufacturers; (2) bad distribution; (3) overproduction; (4) bad relations between factory and dealer; (5) 35 percent truck penetration for 1955, still trucks are a bad problem; (6) dealer loyalty cannot be had by force.

*Michigan*

*Oldsmobile.*—I believe that the automobile dealer has a perfect right to mark up freight and EOH which are cost items to the dealer and represent part of his fixed investment in an automobile. The factory discount and dealer's profit are allowed to be figured only on the retail list price and cost price and no allowance is made for the dealer's investment in the Federal excise tax and freight plus cooperative advertising which the dealer pays.

I believe that a dealer is entitled to mark these items up on the ratio so as to give him a 24-percent profit on the total selling price on an automobile. The same should be true on accessories.

*California*

*Ford.*—Reduced production, abolition of phony increase in prices for purpose of making larger allowance on used vehicles so as to establish down payment, fair trade code might solve the problem providing used unit allowance could be somewhat controlled.

*Oregon*

*Pontiac.*—Factory pressure is undoubtedly the big cause of overselling. Short downpayments and 30 to 36 months payments.

*Minnesota*

*Chevrolet.*—The public will not let a dealer make a fair profit on his product. Consequently, you have dealers that use unscrupulous tactics which in turn give all dealers a bad name. Something should be done about advertising of new cars.

*Michigan*

*De Soto-Plymouth.*—Enforce manufacturers to curtail production only to the extent that each dealer have only as many cars as he personally can handle profitably. Stop this forcing, by different ways, of dealers to handle cars they do not really want. Give them all they want and no more.

*California*

*Oldsmobile.*—Would like to see production slowed up a little.

*Oklahoma*

*Buick.*—Some companies are trying too hard for first place in sales, forcing dealers to sell too close. This affects all dealers.

*California*

*Ford.*—False advertising, misrepresentation of contract terms, price packing and, in general, poor credit practices—no down, 5 years to pay, etc.

*Nevada*

*Kaiser-Willys.*—Model changes should be made on January 1 each year and not at various times of the year. Associate dealers should be allowed to secure the cars they wish to stock from any direct dealer handling their make of car whom they wish to deal with. This will keep some unethical direct dealers in line with fair practice.

*Wisconsin*

*Ford.*—Most of the trouble is too high production along with high pressure put on dealers to sell regardless of profit.

*California*

*Chevrolet.*—If there were not an overproduction brought about by the bitter competition between manufacturers, to see who can outproduce whom, dealers would not be forced to resort to the unethical, ridiculous, and fantastic advertising that is sweeping the country and which has changed the retailing of automobiles from a dignified, respected, and legitimate business into a honky-tonk gyp type of operation, which from all indications has the blessing of the manufacturers.

*California*

*Chevrolet.*—(1) We need permanent dealer contracts, that cannot be canceled without just cause; (2) Distribution of cars on the basis of actual need, and not the factories' desire to register so many cars in a given area; (3) Elimination of phantom freight; (4) A Federal clamp-down on false and misleading advertising; (5) Return to a sane credit basis \* \* \* If we are to have any Federal controls this is the place for them.

*Iowa*

*Pontiac.*—More rigid requirements to obtain franchises and less pressure from manufacturer. Allow manufacturer more power to call the price cutters on the carpet, or fair-trade agreement.

*Iowa*

*Cadillac.*—Packing of new car prices by dealers (some factories sanction this practice) has so befuddled the buyers and caused the "gimmick" deals to be so prevalent that it has done more to hurt the car business than any other thing \* \* \*

*Missouri*

*Buick.*—Too much pressure by factory to buy tools and advertising in excess of our needs.

*Missouri*

*Chevrolet.*—My trouble with my factory is that I have no assurance of a contract from year to year regardless of how well I serve their interests in getting what they call market penetration. Their treatment (my factory) of their dealers can best be described as the treatment accorded a captive dealer.

*Idaho*

*Packard.*—Manufacturers should be allowed to sell only through franchised dealers. They should not be allowed to sell national, fleet, and governmental agencies direct, at special prices. Manufacturers should not be competition to their own dealers with special prices and discounts.

*New Mexico*

*Chrysler-Plymouth.*—Car manufacturers are building more cars than our economy can absorb and allow dealers to make a normal net return. It's a nice business for manufacturers. They force cars on dealers, receive cash on delivery, no trade-ins, and do not have to put up with complaining public—beautiful setup.

*Oregon*

*Ford.*—Fair-trade pricing would give a profitable margin and would make for a far more realistic transaction for all parties concerned.

*Oregon*

*Chrysler-Plymouth.*—We feel that if the factory were required to repurchase new, unsold models in a dealer's stock at 3 months' intervals this would take care of bootlegging and overstocking.

*Oregon*

*Pontiac.*—I think the manufacturers should protect their dealers in regard to fleet sales. These should be sold through bona fide dealers and not the manufacturer.

*Oregon*

*Buick.*—I do not feel that territory security is of any value because the penalties in many cases can be avoided and also because the penalties are not sufficient to deter another dealer from making the sale, nor is the area in which you have protection large enough.

New-car bootlegging comes mostly from large dealers who get all the cars they want and sell them fast with no service for a small profit. The factories can stop it if they want to, but they want sales \* \* \*. It all simmers down to the fact that they are not seriously interested in stopping bootlegging.

*California*

*Cadillac.*—(1) We have over \$300,000 invested in our dealership, yet must operate on a 1-year contract.

(2) The public interest requires that they receive proper service on new cars sold. This must be provided for by the factory, by allowing the factory-authorized dealer where the purchaser lives an allowance to give the service, as called for in the warranty.

(3) Federal Reserve Board should control terms on installment sales.

(4) Income taxes on small corporations and businesses should be revised. Our little corporation pays the same rate as billion-dollar corporations.

*Minnesota*

*Pontiac.*—Leave auto business alone. As far as dealer problems are concerned, I am in favor of a bonus plan of \$100 per car, all of which should be paid dealer at the end of the year.

*South Dakota*

*Chrysler-Plymouth.*—Eliminating bootlegging must come through legislation.

As of this moment, the larger percentage of automobile manufacturers are not in the least concerned about retail price of their units sold. Their only concern is sales position and the percentage of consumer sales.

For this reason, many dealers are forced to take new cars, become overstocked and, because of financing problems, to dispose of their older new car stock through any channel they can.

Actually, through this practice, there is a waiting market for the "curbstone dealer."

*California*

*Ford.*—Some control of misleading and unethical advertising by city dealers by both factory and Government should be had.

*Missouri*

*Studebaker.*—We have had very little bootlegging trouble here. However, we live in a town that is 50 miles from a large city, and the metropolitan newspapers are widely distributed in our city. The unethical and untrue advertising that is spread in these papers does more to affect our business than bootlegging. Blitz sales, exorbitant offers for used cars, and other gimmicks all have a detrimental effect. Overproduction, and the manufacturers' desire to all be No. 1, is the big reason for the industry's headaches. We need more quality and less quantity, and more salesmen instead of circus performers.

*California*

*Dodge-Plymouth.*—\* \* \* Enforce the manufacturer to make the current model delivery date from January 1 on, not 2 to 3 months before the year end.

Stop all false advertising.

*New York*

*Buick.*—Dealer should have a voice in what type of sales material he accepts from factory. The special-tool racket should be eliminated. Dealer should not have to pay the factory a big profit on literature, sales aids, new-car display material, etc.

*Massachusetts*

*Packard.*—Overproduction, I believe, is the primary cause. Improper financing is another evil—long terms, no downpayments. I believe in credit restrictions.

*Michigan*

*DeSoto-Plymouth.*—Just producing too many cars, and it's cheaper to finance a new car at 30 months than a used car at 15 months.

*New York*

*Cadillac.*—Factory top brass and down the line \* \* \* get their bonuses, etc., at the cost of blood sweat out by dealers who try to protect their life's work and savings by hard work and worry. \* \* \* Also, there seems to be strong political connection between factory brass hats and a few larger dealers. This should be investigated. For instance, the world's largest Chevrolet dealer, etc., etc. The wine and dine boys. Also would recommend that all dealerships be franchised on 3- to 5-year basis instead of the uncertainty relative to 1-year franchises.

Motor-holdings-backed dealers and similar factory-financed setups \* \* \* create a monopoly over their competition. These factory-controlled (or financed) dealers are just another subterfuged outlet and, in my opinion, under factory pressure, to sell new cars at ridiculous prices, thereby forcing competing franchised dealers to slaughter prices, create come-on advertising and then apply high-pressure tactics; in other words, unfair competition and another method for the top-bracket boys to gather horribly high bonuses at the expense of the struggling dealer who has spent his life's work and effort building good will and a following.

*South Carolina*

*Buick.*—Most serious lack is a bankable or long-term franchise. Correction of this defect would attract and hold a much more stable dealer organization. Present distress merchandising is due largely to factory pressure, using cancellation as an ever present threat.

*South Carolina*

*Dodge-Plymouth.*—We need territory security and the privilege of moving our own cars by private convoy, not by common carrier.

*Massachusetts*

*Nash.*—Feel that manufacturers should not overproduce for first, second, or third place but should operate on a sound profitable basis, and guide their dealers so they in turn will operate profitably for the country's economy.

*Oregon*

*Dodge-Plymouth.*—(1) Need good, fair control on time payments \* \* \* now that will stop low downpayments, and not over 30 months for new cars, with a graduated scale for older cars. Too many people buying new cars that should be buying used cars.

(2) Need a good, fair contract with automobile companies that protects a dealer with a longtime investment. Contracts today protect the dealer in no way, but factory is protected in every way.

*Oklahoma*

*Chevrolet.*—When a customer buys a bootleg car, he usually saves some on initial purchase price. When he brings that car to a franchised dealer, said dealer has no responsibility to that customer. Often the result is a customer dissatisfied with that specific make of car. Sales to nonfranchised dealers should be eliminated.

*Oklahoma*

*Buick.*—Frenzied competition between factories is resulting in more and more uncertainty of the future as far as dealers are concerned. \* \* \* It took legislative action to \* \* \* stabilize the oil business. I feel that if we were to have a slight recession in business automobile dealers would fold up by the thousands. (Understand there are only 40,000 dealers.) Uncontrolled production does not augur

well for value of owner's old car. I cannot offer any easy solution, but the matter is very, very serious.

#### *Indiana*

*Cadillac.*—Cadillac dealers have been less affected by unorthodox automobile retailing than any other group of dealers because of the strong demand for Cadillacs. However, it is apparent that we soon will be facing the same problems. We believe that the manufacturers really do not care much for the dealers' dilemma caused by overproduction. It will only end when a sufficient number of dealers quit or go under to make the factories wake up.

#### *Texas*

*Oldsmobile.*—I am not in favor of Government in business. I know our problems will work themselves out without calling for police. I remember OPS and regulation W, which was a shining example of "monkey wrenches in cogs of free enterprise."

#### *Michigan*

*Ford.*—Better dealer-factory relations.

#### *Louisiana*

*Dodge-Plymouth.*—We are in favor of a more equitable share of legitimate profit on our sales. To the best of our ability we can only find dealers making less than 2 percent on their volume sales, whereas Chrysler Corp. and General Motors are netting 20 percent or better. This is largely brought about by overproduction.

#### *Illinois*

*Nash.*—Enfranchised dealers are required to carry a considerable investment in parts and service equipment. The cost of free service on a new car from the time it arrives in the dealer's place of business until the warranty expires averages from \$50 to \$90 depending upon the make of car and dealer volume. Dealer is entitled to protection in his territory to take care of this overhead as well as this actual cost of free service.

#### *Louisiana*

*Buick.*—Overproduction and inequitable distribution seem to be the underlying causes of the sad plight of automobile dealers today. We scream for sufficient stock of cars, but cannot get what we need, because the manufacturer ships to hundreds of small dealers who, in turn, sell to used car dealers who compete with us.

#### *Connecticut*

*Hudson.*—Automobile dealers today are not allowed to run their own business. They are completely dominated by the factory, which requires that they have a certain kind of establishment and purchase a certain number of new automobiles each year, whether or not they can dispose of them at a legitimate profit \* \* \* Dealers fear operating contrary to the orders from the factory for fear of losing their franchise and therefore are forced to dispose of the new cars forced upon them, sometimes below cost or at a very small profit.

#### *Tennessee*

*Chevrolet.*—The promiscuous use of unsound credit is undermining the future market and the unethical practices accompanying the trend undermine the good name of reputable lending agencies.

#### *New York*

*Chevrolet.*—We have a total investment in our dealership of over \$500,000. We have no protection whatever on our investment in trying to compete with new car sales by used car dealers who have no investment whatever other than a used car lot. This is probably the most serious condition we are all faced with today.

#### *West Virginia*

*Chevrolet.*—Conditions in the automotive industry today are healthy, but I am personally concerned about the trend by some franchised dealers toward wild and misleading advertising and other practices which cause public loss of confidence in dealers.

#### *Montana*

*Chevrolet.*—I think it's a bad mess.

*Florida*

*Pontiac.*—If dealers would learn the value of saying "No" both to the factory and to unreasonable customers, you would not have had to mail this questionnaire. (Votes against Congress investigation.)

*Indiana*

*Ford.*—I do not believe any automobile manufacturer should be permitted to have any money invested in an automobile dealership by loaning or otherwise \* \* \* If the present trend is allowed to continue, there will be no chance in the future for a young man to start and own his own small business.

*Indiana*

*Studebaker-Packard.*—Present conditions were brought about by the rat race between Ford and Chevrolet with their chain-store and factory-controlled agencies, and if something is not done to correct this condition in the next 2 years, all of the independent makes and 75 percent of the "independent" Big Three dealers will be out of business.

*Wisconsin*

*Pontiac.*—If the individual small dealer is going to stay in business, the sharp advertising from the big cities will have to change. A lot of people fall for these giveaway ads, and a small volume dealer cannot compete with this very long.

*Connecticut*

*Buick.*—Too many dealerships are being organized with money obtained from sources closely related to the manufacturers. Dealers operating under these conditions are easily coerced to do business in a manner favorable to the manufacturer (i. e., low margin). This then sets the pattern by which all other dealerships must operate. It also prevents dealerships from organizing effectively to cope with the manufacturers, since these subsidized dealers are in a sense factory representatives.

*New Mexico*

*Chevrolet.*—I have been in the automobile retail business for over 30 years, and it has sunk to an unbelievable low of all times. Chevrolet during the late 1930's and 1940 built up a fine dealers' organization upon a quality, not quantity program. Now, in less than 3 years, they have torn this down, grasping like vultures for every penny of registration as if they were destitute.

*Oklahoma*

*Pontiac.*—I do not feel it right for a dealer to spend as much money as I have in 28 years advertising one car, Pontiac, and then have other Pontiac dealers come to my town and cut my throat by giving away all their profits just to take deals away from me.

*Oklahoma*

*Chevrolet.*—Weak dealers should be eliminated. Dealers selling to unauthorized dealers should be eliminated. Competition between good dealers should be free—no territorial security clause.

*Illinois*

*Lincoln-Mercury.*—We all hate to mention controls, but the factories and dealers will never be able to rectify present situation. The controls will have to come from Government. The entire dealer structure is slowly breaking down completely under this selling for no profit. The Government is going to have to protect our business.

*Wisconsin*

*Chrysler-Plymouth.*—We all wish for a better factory-dealer relationship. We wish to have this pressure of forcing too many cars onto us stopped. \* \* \* The situation is quite serious, and unless something is done, it will ruin a lot of businesses financially. If factory pressure were stopped, bootlegging would stop by itself.

*Oklahoma*

*De Soto-Plymouth.*—I employ 30 people, and I would sell out my operation for 50 cents on the dollar. If the auto business does not change by some means, getting every vacant lot out of the new-car business, most of the new-car dealers will be broke.

*Washington*

*De Soto-Plymouth.*—Franchise contracts are of the "yellow dog" variety as the baseball players say. \* \* \* I have in the past taken franchises for makes of cars and trucks where very few if any sales of that particular make had been made in my territory. I worked hard developing the line, yet was canceled out by the factory which took over the territory with large number of units and owners. \* \* \*

I think that something has to be done to encourage small retail businesses such as ours. Sure, the factories are making huge profits because their sales are high and they get cash on the barrelhead. But it is different with small retail dealers. I believe it is just a matter of time before we'll all be out of business. \* \* \* I for one am ready to quit trying if I could find somebody to buy me out.

*Ohio*

*Lincoln-Mercury.*—If every businessman and his employees in retail selling would exert themselves 5 percent more than they are, we would have the greatest prosperity ever.

*California*

*Former Oldsmobile dealer.*—Many manufacturers are signing up "fast" operators in hopes of obtaining volume. \* \* \* Even though Oldsmobile has sound dealer-manufacturer relationships, due to the policies of most other manufacturers, the impact on the dealer at the retail sales level is such that he has to have "larceny in his heart" to survive. I made good money in the auto business, but the basis for making it became, by my moral standards, shadier and shadier. I sold out to go into the implement business and am glad I have done so. I am not an old pessimistic codger, but am 36 years of age and want to be proud of my business. \* \* \* Right now, the automobile business is in the "red light" district of American retail sales.

*Iowa*

*Pontiac.*—The factory power to cancel or refuse to recontract a dealer with or without just cause, thereby jeopardizing a sizable investment and endangering the dealer's livelihood is indefensible and should be curtailed.

*Kansas*

*DeSoto-Plymouth (for 27 years).*—The Ford and Chevvy battle for first place with Buick a second is wrecking the automobile business. Lots of deals are made where there is not a cent left for the dealer. Factories are encouraging this, telling the dealers to make a profit on financing.

The result is dealers all over the country are dying like flies. The remaining dealers of this year will be lucky if they can make one-half of 1 percent on their sales, while the factories are making 6 and 8 percent.

*Kansas*

*Chrysler-Plymouth.*—I have spent my entire adult life as an automobile salesman and dealer. I have never seen conditions nearly so bad. \* \* \* There is no future in this business under present conditions.

*Oklahoma*

*De Soto-Plymouth.*—Cut prices by franchised dealers is doing as much damage as used-car dealers.

*Washington*

*Nash.*—I have been in or connected with the business for 30 years. Some used-car dealers have sold new cars as long as I can remember. \* \* \* Actually, the number of so-called bootleg cars is very small. \* \* \* If new-car dealers attend to their business properly and settle their own affairs, they would be much better off than to run to Uncle Sam for help. They are the very ones who bellyached about Government interference the most during the control period.

*Washington*

*Studebaker-Packard.*—I do not see anyone giving away suits, shoes, eggs, bread at sellers' cost. Why this compulsory giveaway by dealers of a product so vital to the American way of life?

*California*

*Lincoln-Mercury.*—Competition against the unethical operator is not free competition. No business can survive without a code of ethics. I believe the Government should pass legislation that will enable the manufacturers to strengthen their dealers by proper police action.

*North Carolina*

*Ford.*—It is really confused. Dealers are competing with each other to see who can sell nearer to the actual invoice cost than the other.

*Washington*

*Dodge-Plymouth.*—I believe overproduction is causing bootlegging, forcing the dealers to take cars. You will note there is very little bootlegging of Chrysler products. Ford and Chevy are the worst in our town.

*Washington*

*Cadillac.*—To me the major problem is neither bootlegging nor phantom freight. It is the nature of the contractual relationship between the manufacturer and dealer. Most contracts are written for 1 year, and have cancellation clauses permitting cancellation with or without cause in about 90 days. \* \* \*

The contract should give to the dealer who needs to make a large investment in both money and time, the assurance that he can continue knowing that he will have his franchise canceled only for cause, and for causes definitely stated in the contract.

The nature of the present contract makes it possible for the manufacturer to coerce the dealer. \* \* \*

*Washington*

*Oldsmobile.*—Most of the used-car or bootlegging dealers are of as good character and quality as any other business. It's only the few bad ones we hear about. \* \* \* When the factory loads the dealer and threatens to cancel his franchise if he doesn't take the cars, the dealer then must do what he can.

*Washington*

*Buick.*—I believe wholesaling of new cars to nonfranchised dealers, and ruses of many types to cover delivery of car not actually sold by authorized dealer is our largest problem. We are still expected to service these evidently bogus authorized sales by our factory.

*New Jersey*

*Hudson.*—I am one of the Little Three dealers. Today the finance companies are getting panicky on the independents, and the Big Three products retail cheaper than the independents. We are not in line with the Big Three in prices on cars. I do not believe there is any solution for the Little Three. The outcome of the battle between Ford and GM for leadership in the industry will definitely pull their dealers into ruination and chaos. In my opinion there is no way to stop this battle as America was built on free enterprise and competition.

*Illinois*

*Chrysler-Plymouth.*—The prevailing conditions are such that an automobile dealer in business today is not receiving a fair return for his investment. \* \* \* Since the manufacturers are hesitant about enacting procedures and policies to provide more security and profit return for the dealers, it is the opinion of this dealership that Government legislation will be the determining factor in remedying the situation. \* \* \* It is only fair that the small dealers be accorded the same rights to realize a profit as the stockholders of the corporations.

*Kansas*

*Pontiac.*—My experience has been that Pontiac tries to put the dealer in such a position stockwise that he must sell in desperation. When a dealer is desperate he will sell to anybody, even at a small loss just to get out from under his stock. I am sure that Pontiac is not the only one.

*Iowa*

*Chevrolet.*—False and come-on advertising is most detrimental and should be stopped.

*Iowa*

*Pontiac.*—Territorial security will correct most of the "wholesaling" of new cars. Production is too high for consumer demand. Let the implement dealers sell implements and the auto dealers sell autos.

*Illinois*

*Pontiac.*—The biggest problem for dealers who expect to make money is among the dealers themselves who bid too high for used cars in trade. If they

had guts enough to take fewer cars and make a fair profit on what they sell, everyone would be better off.

*Illinois*

*Chevrolet.*—I am opposed to territorial security clause, because it does not give the customer the right or opportunity to buy a new car from the dealer which he may prefer.

*Ohio*

*Ford.*—I would say as a whole everything is going good with Ford dealers with exception of misleading advertising by certain dealers.

*Michigan*

*Dodge-Plymouth.*—\* \* \* There is not enough territorial security even Detroit when the factory puts in dealers where and when they please \* \* \*.

*Maryland*

*Oldsmobile.*—\* \* \* Suggest something be done about false and misleading advertising, that all dealers be treated equally regardless of size \* \* \*.

*Missouri*

*Chevrolet.*—Our factory has never put pressure of any kind on us whatsoever to sell more cars. We have never been overstocked.

*Minnesota*

Retailers are trying to cut each other's throats and nobody makes any money.

*Oregon*

*Chevrolet.*—Dealers are their own worst enemies. Abuses are bound to exist in any situation. But it's a good competitive business and I hope you leave it that way.

*Illinois*

*Ford.*—A used-car dealer, with less investment and overhead can sell for less and is willing to accept less profit.

*Minnesota*

*Ford.*—A customer who buys a bootlegged car saves enough on the purchase price to pay other costs and servicing.

*Pennsylvania*

*Nash.*—I oppose a franchised territory whereby a manufacturer can impose a penalty on sales outside your territory. I feel that this would take away free enterprise selling.

*Missouri*

*Ford.*—Much as I hate to see it, I believe we need reins on wild credit.

*Pennsylvania*

*Pontiac.*—What the dealers need is a strong union to protect them—the same as the auto factory workers, so that dealers could be assured of some profit if they worked.

*Wisconsin*

*Ford.*—Misleading advertising on price, trade-in allowances and discounts should be regulated.

*Missouri*

*Chrysler-Plymouth.*—This business has fallen into a gutter racket.

*Georgia*

*Oldsmobile.*—The trouble with our industry is the battle between Ford and Chevrolet for first place.

*New York*

*Hudson.*—Unless something is done, a great number of car dealers will be forced into bankruptcy.

*Virginia*

*Dodge.*—As much as I dislike Government intervention, I would now say that I believe it is the only course that will save (the new car dealer).

*Mississippi*

*De Soto-Plymouth.*—The same as Government controls cotton production.

*Florida*

*Studebaker-Packard.*—The dealers are allowing themselves to be carried away with "wheeling and dealing." They treat honest profit as if it were something to be ashamed of. The dealers must get tougher moral fiber if the situation is to straighten out.

*Wisconsin*

*Ford.*—I think something should be done to protect dealers against these so-called volume sales dealers.

*Illinois*

*Pontiac.*—The small dealer cannot operate on volume sales with small profit because he cannot sell enough cars.

*Missouri*

*Chevrolet.*—Dealers need to have guts to say no further deliveries.

*Pennsylvania*

*Ford.*—The factories are like the Army—they cannot make you do anything, but they sure can make you wish you had.

*California*

*Dodge-Plymouth.*—I have a full-page ad in my desk out of a Portland paper where they say they are giving \$1,000 off the price of a new Dodge. I know there is not that much profit in a new Dodge.

*Nebraska*

*Buick.*—False or misleading advertisement over TV and in newspapers is our biggest threat.

*Midwest*

*Lincoln-Mercury.*—A clean-up in advertising is long overdue.

*California*

*Lincoln-Mercury.*—The Federal Government should guarantee us against the inevitable repossession losses.

*Wisconsin*

*Nash.*—I think if the new car dealer would go to work, the used car dealer would not interfere with his make of cars.

*California*

*Buick-Cadillac.*—I feel that to a large extent dealers themselves are primarily responsible for the existing problems.

*Iowa*

*Dodge-Plymouth.*—We have never favored Government regulation of or interference in business \* \* \*. But if the choice is between that and overproduction and all the resulting evils, we would rather put up with limited Government regulation.

*Wisconsin*

*Chrysler-Plymouth.*—Bootlegging is a result of other ills rather than a cause of any difficulty in the automotive industry. There must be some reason why businessmen sell for cost or less to get rid of something. That reason most logically is that he has more merchandise than he can retail profitably.

*Texas*

*Lincoln-Mercury.*—Overproduction is a big danger \* \* \*. Auto dealers' overhead is very high, and profit per car is dangerously low. With overproduction, the dealer has no choice. He must sell cars with little or no profit and long terms.

*Indiana*

*Buick-Cadillac.*—The manufacturer doesn't seem to care who sells the cars—where, when or under what conditions \* \* \*. They use a tremendous amount

of pressure on dealers; in fact, they never let up \* \* \*. Their only objective is to outsell the other fellow.

*Illinois*

*De Soto-Plymouth.*—There is no mercy shown by any large automotive manufacturer when it comes to canceling a dealer's contract.

*California*

*Cadillac-Oldsmobile.*—The race for volume sales means tremendous volume profits for General Motors and Ford and little or nothing for the dealer except volume contingent liability.

The factories are shelving the quality dealer programs of former years for a bunch of cheap, unprincipled carnival operators who can provide volume outlets and sales and depend on gypping the public for their own profit. The factory will wink at any unethical dealer practice as long as he is producing volume sales.

○





