

BUYING AND SELLING OF MOTOR VEHICLES
IN SELECTED TOWNS OF CAVITE

THESIS

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**BUYING AND SELLING OF MOTOR VEHICLES
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ABSTRACT

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A study was conducted in selected towns of Cavite to determine the practices in buying and selling motor vehicles. Specifically, the study aimed to: describe the characteristics of buying and selling of motor vehicles, determine the practices involved in selling motor vehicles, determine the marketing practices employed by owners in buying and selling motor vehicles, determine the level of profit from buying and selling motor vehicles, and identify the problems encountered by owners in buying and selling motor vehicles.

A total of 48 businesses engaged in buying and selling of motor vehicles in selected areas of Cavite were included in the study.

Findings showed that majority of the businesses engaged in buying and selling of motor vehicles were managed under sole proprietorship form of organization. The amount of initial capitalization and revolving capital of the business were high which suggests that it is hard for any entrepreneur to engage in buying and selling of motor vehicles if he has limited capital.

Passenger car was the most widely sold type of vehicle by the respondents which implies that customers preferred to buy used cars than any other form of vehicle. Majority of the respondents sourced their vehicles from individual vehicle owners.

Because large capital is involved to procure used vehicles, majority of the respondents require full payment from customers. Also, majority of the respondents

allowed customers to return the vehicles they purchased for a refund within the grace period.

A large amount of net profit could be obtained from buying and selling of motor vehicles. Respondents had more than PhP50,000 income per month in 2005. Hence, it could be concluded that the buying and selling of motor vehicle business was profitable.

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BUYING AND SELLING OF MOTOR VEHICLES IN SELECTED TOWNS OF CAVITE ^{1/}

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INTRODUCTION

Selling used cars is much more profitable than selling new cars because it generates revenue on two counts. When a dealer accepts a trade-in for a new car, it offers a wholesale price that is lower than the car would fetch on the open market. It then reconditions the car, using its own body shop and repair facilities, and sells it on at full market value. So it makes a profit on the labor and parts used to recondition the car, as well as the sale itself (Pascual, 2003).

Dealers have traditionally separated their new-vehicle from their used-vehicle activities, because the skills required to sell used cars are different from those required to sell new cars. Selling new cars is analogous to conventional retailing in some respects; vehicles come straight off the assembly line, are configured to customers' wishes and sold from a list price. Selling used cars, by contrast, is much more like horse-trading: used vehicles are unique, by virtue of their age and condition; they are already configured; and their value is a matter of subjective assessment.