

**A STUDY TO FIND OUT THE REASONS
WHY CAR DEALERS' SALES
DECLINED**

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ABSTRACT

This project paper was written as part of the requirements for the Degree Course-Bachelor of Business Administrations (Hons) majoring in Marketing Course. The main objectives of this project are to provide an in-depth analysis on the reasons why the car dealers' sales declined and as well as to determine the level of acceptance of Mayfin Centre based on feedback given by the car dealers (the main respondents) in Kota Kinabalu through this survey.

A total of 30 questionnaires were distributed pertaining to the study, out of which 20 were completed and returned. The questionnaires were analyzed to determine the responses from the respondents. Interviews with the sales representatives and company managing directors and owners were also made in the course of finalizing this analysis.

Nevertheless in the course of writing this paper, I have done my level best to be consistent with the original objectives of the study and also provided my own opinions and views based on findings of the research, reference book, newspaper as well as internet sources.

The study is basically about the reasons why the car dealers' sales declined and the level of acceptance/satisfaction towards Mayfin Centre services. The main issues in this research are to find out factors that contribute to the declining sales of the car dealers' and the popularity of Mayfin Centre.

The study revealed that the declining of car dealers' sales was indeed due to economic factors and the government policy to introduce National Automotive Policy (NAP). The economic recession cycle in every 10 years has made to protect the national car industries but has affected the used car markets as people pull their money from market. The implementation of the national automotive policy (NAP) in late March 2006 has caused a general declined in new car prices and a drop about 10% to 15% in secondhand car prices. Although it was supposed to stimulate the new car sales, it happened otherwise. The consumers delayed their purchase because of reduced secondhand car values indirectly affected the trade-in value resulting from the NAP.

Furthermore, the banks have generally tightened their credit policy on Hire Purchase loans due to the decline in secondhand car values. Banks also have started pricing a higher risk premium into new hire purchase loans, particularly used car. Hence, the delay in new car purchase and banks' tighter credit and pricing policy have deterred the demand for new hire purchase loans. Interestingly, foreign banks has performed better than local banks, registering 9% loan growth in June 2006 whereby, local banks have registered 8.50%. This reflected from the slowdown in auto loans as foreign banks have almost no loan exposure in auto sector.

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