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A feasibility study of starting an automobile dealership owned by negroes in Fulton County, Georgia

Milton Wilson
Atlanta University

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A FEASIBILITY STUDY OF STARTING AN AUTOMOBILE DEALERSHIP OWNED BY NEGROES IN FULTON COUNTY, GEORGIA

A THESIS
SUBMITTED TO THE FACULTY OF ATLANTA UNIVERSITY IN PARTIAL FULFILLMENT OF THE REQUIREMENTS FOR THE DEGREE OF MASTER OF BUSINESS ADMINISTRATION

BY
MILTON WILSON, JR.

SCHOOL OF BUSINESS ADMINISTRATION

ATLANTA, GEORGIA
AUGUST, 1967
I dedicate this study to my wife, Mary.
ACKNOWLEDGMENTS

I should like to acknowledge Dr. John V. Petrof, my thesis adviser, for his guidance in this endeavor and for the invaluable assistance provided me by his published and unpublished works.
# TABLE OF CONTENTS

<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>DEDICATION</td>
<td>ii</td>
</tr>
<tr>
<td>ACKNOWLEDGMENTS</td>
<td>iii</td>
</tr>
<tr>
<td>LIST OF TABLES</td>
<td>v</td>
</tr>
<tr>
<td>LIST OF ILLUSTRATIONS</td>
<td>vi</td>
</tr>
<tr>
<td>Chapter I. INTRODUCTION</td>
<td>1</td>
</tr>
<tr>
<td>General Statement</td>
<td></td>
</tr>
<tr>
<td>Specific Problem</td>
<td></td>
</tr>
<tr>
<td>Methodology</td>
<td></td>
</tr>
<tr>
<td>Significance of the Study</td>
<td></td>
</tr>
<tr>
<td>Limitations of the Study</td>
<td></td>
</tr>
<tr>
<td>II. ASSESSING THE LOCAL MARKET</td>
<td>6</td>
</tr>
<tr>
<td>Population</td>
<td></td>
</tr>
<tr>
<td>Income</td>
<td></td>
</tr>
<tr>
<td>Projected Passenger Car Registration</td>
<td></td>
</tr>
<tr>
<td>Customer Preference - Racial</td>
<td></td>
</tr>
<tr>
<td>III. REQUIREMENTS FOR A DEALERSHIP</td>
<td>20</td>
</tr>
<tr>
<td>How a Franchise System Works</td>
<td></td>
</tr>
<tr>
<td>Profit Planning - New Car, Used Car, Shop</td>
<td></td>
</tr>
<tr>
<td>Selection of Location</td>
<td></td>
</tr>
<tr>
<td>Financial Requirements</td>
<td></td>
</tr>
<tr>
<td>Personnel Requirements</td>
<td></td>
</tr>
<tr>
<td>IV. RECOMMENDATIONS</td>
<td>39</td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td></td>
</tr>
<tr>
<td>Summary and Conclusions</td>
<td></td>
</tr>
<tr>
<td>BIBLIOGRAPHY</td>
<td>46</td>
</tr>
</tbody>
</table>
LIST OF TABLES

<table>
<thead>
<tr>
<th>Table</th>
<th>Description</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Years of Schooling Completed by Negroes in Fulton County</td>
<td>8</td>
</tr>
<tr>
<td>2.</td>
<td>Negro Family Income in 1959</td>
<td>11</td>
</tr>
<tr>
<td>3.</td>
<td>Projected Passenger Car Registration for Census Tracts in Fulton County With More Than 40 Per Cent Negro Population</td>
<td>15</td>
</tr>
<tr>
<td>4.</td>
<td>Financial Requirements for an Automobile Dealership</td>
<td>35</td>
</tr>
</tbody>
</table>
# LIST OF ILLUSTRATIONS

<table>
<thead>
<tr>
<th>Figure</th>
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<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Breakdown of Profit Centers</td>
<td>25</td>
</tr>
<tr>
<td>2.</td>
<td>Recommended Dealership Organization</td>
<td>38</td>
</tr>
</tbody>
</table>
CHAPTER I

INTRODUCTION

General Statement

Business in America operates under what is known as the capitalistic system.\(^1\) Loosely defined, the capitalistic system is an economic system under which any person may operate or engage in any lawful business for personal gain or profit. It implies that individuals are free to work and make money where they will and that they are free to compete for jobs and customers.\(^2\)

It is a well known fact, however, that the Negro, comprising the largest racial minority in the United States is seriously limited by restricted economic and business opportunities. One inevitable result of such restrictions is to place the Negro in the position of feeling the necessity for establishing his own business—a virtually separate sphere of economic activity within the American business economy.\(^3\) Within this sphere of economic activity, the Negro businessman is hindered by giant financial combinations,

\(^2\)Ibid., p. 3.
\(^3\)Ibid.
\(^4\)Ibid.
cumulative business wisdom, cumulative wealth, and mass production and marketing, and he is circumscribed by knowing that there are certain types of businesses in which his chances of success are relatively small, because of the experience required, the capital required, and the location required.\(^1\)

Today's young Negro is not content with doing what has been done in the past. If he is a business administration graduate, he is armed with such tools as linear programming, econometrics, computers, and break-even analysis; but more than this, he is armed with the desire to break loose from the social and economic chains that have engulfed him. How does he do it? Does he seek to serve the Negro market for which he now has to compete with white firms who have recognized the tremendous purchasing power of the Negro, or is he daring enough to plunge into the general market which is composed of both Negro and white consumers? Which of these roads will lead to success? Is there a middle-of-the-road approach? Negro businessmen and many other interested onlookers are still searching for the answer.

**Specific Problem**

Today, in the second half of the twentieth century, it seemed a little strange that there is but one Negro owned and operated automobile dealership in the United States. Of the 35,000 "big three" dealers in the United States, Edward

\(^1\)Ibid.
Davis is the only Negro today to be awarded an automobile franchise. Several questions arose in the writer's mind as to the reasons of the present situation. Among these were:

(1) Is it because of the Negro's inexperience in automobile dealerships?

(2) Is it because of the large capital investment?

(3) Is it because the potential market for a Negro dealership does not warrant the venture? or

(4) Is it because of some sociological or cultural factor peculiar to the Negro?

In order to answer some of these questions, it was necessary to scrutinize the overall automobile dealership situation. This paper explores the feasibility of starting an automobile dealership owned by Negroes in Fulton County, Georgia.

Methodology

In order to gather the data necessary in the conduct of a feasibility study of starting an automobile dealership owned by Negroes in Fulton County, Georgia, the writer depended on secondary sources such as reports from the Atlanta Chamber of Commerce, the Atlanta Region Metropolitan Planning Commission, the Atlanta City Directory, and the 1960 Census of Population and Housing. From these, rather than from formal survey conducted by the writer, demographic information relating to Fulton County was amassed.

Information regarding financial and personnel requirements was especially prepared for the writer by the Ford Division of the Ford Motor Company in the Atlanta District. Information regarding customer preference and marketing strategy was collected from published and unpublished studies conducted by interested individuals.

At the outset, in order to gain knowledge of the situation, the writer interviewed automobile dealers of Ford, General Motors, and Chrysler Corporation in metropolitan Atlanta regarding the possibility of such a venture, and exchanged correspondence with dealers and personnel in the industry outside metropolitan Atlanta.

In the actual procedure, the writer primarily assessed demographic data and studies conducted previously in order to reach his conclusions.

Significance of the Study

As of this writing, there is but one Negro owned dealership in the United States. The writer's purpose is to investigate the frame of social and economic variables that may contribute to a successful Negro operated automobile dealership in Fulton County, Georgia.

It is the writer's hope that this study will serve as a useful tool for a Negro desiring to enter the automobile business as an independent businessman.

Limitations of the Study

In conducting the feasibility study of starting an automobile dealership owned by Negroes in Fulton County,
Georgia, the writer operated under the following limitations:

(1) The study was confined to Fulton County, but some of the more recent figures relating to population and income were collected for metropolitan Atlanta rather than Fulton County alone. This was because, in the absence of a formal survey conducted by the writer, no more recent figures than those presented in the 1960 Census of Population and Housing were available for Fulton County.

(2) Such attitudinal studies as racial customer preference and marketing strategy for a Negro owned and operated dealership in Fulton County were unavailable; therefore, in the absence of a formal survey, the writer relied on studies generally and on such related studies as had been previously conducted in metropolitan Atlanta.

(3) Financial and personnel requirements were secured from the Ford Division of the Ford Motor Company in the Atlanta District.

(4) Selection of location was based on growth trends evidenced in a comparison of 1961 and projected 1983 passenger car registration instead of complete demographic analysis by the writer. This was because the writer did not have adequate projections at his disposal in the absence of formal survey. However, inasmuch as 1983 passenger car registrations had been made with a complete demographic analysis of present factors and trends, according to the conductors of the survey, the writer felt reasonably safe in using these figures.

(5) The writer reached his conclusions concerning the feasibility of the proposed venture by assessing demographic factors rather than qualitative factors relating to attitudes, prejudices, inexperience, etc. To such an extent that these qualitative factors are assessed and proven negative, the conclusions reached by the writer may be modified significantly.
CHAPTER II

ASSESSING THE LOCAL MARKET

The potential market for a new-car automobile dealership is limited by price line, specific make, and the amount a customer can afford to pay.\(^1\) Members of the automobile industry follow the practice of limiting the number of dealerships so that each dealer will have a sufficient market to make his operation profitable and the turnover of dealerships is small.\(^2\) The writer thought it necessary to assess the local market in terms of population, income, and projected new car registration in determining whether Fulton County would support another automobile dealership. To evaluate further the feasibility of such a dealership being Negro owned and operated, it was necessary to look at these demographic factors for the aggregate population--both Negro and white--and for the Negro population alone. It was necessary also to uncover possible sociological and cultural advantages or disadvantages for such a dealership, and this was done by evaluating customer preference.

\(^1\) J. R. Fritzemeyer and W. L. Hauserle, Control for Profit in a Retail Automobile Dealership (Small Business Management Research Reports, 1961), p. 34.

Population

Atlanta is one of the most dynamic cities in the United States today. According to the Atlanta Metropolitan Planning Commission, a new citizen is acquired by Atlanta every 15.9 minutes.\(^1\) Atlanta's population in 1950 was 726,989 and in 1960, 1,017,008.\(^2\) This increase of approximately 39.9 per cent in the ten-year period placed Atlanta among the top 25 cities in the United States with a population of one million or more.\(^3\)

Forecasts by the Atlanta Region Metropolitan Planning Commission place Atlanta's population in 1970 at 1,361,700—a gain of more than 300,000.\(^4\) They have further predicted a population of 1,817,700 for 1980, which reflects a gain of over 500,000 in just one decade, and a gain of almost 1,000,000 in two decades.\(^5\)

Both the white and nonwhite segments of the metropolitan population are gaining substantial numbers. As of April 1, 1966, the population was 77.8 per cent white and 22.2 per cent nonwhite.\(^6\) This represented an estimated drop of six-tenths of one per cent in the nonwhite share of the total in the six years since the 1960 census.\(^7\) In 1966, of the 1,211,000 persons, 942,007 were white, and 268,993 were nonwhite.\(^8\) A common trend in metropolitan areas throughout the country is for nonwhites to concentrate

\(^{1,2,3}\) Ibid., p. 2. \(^{4,5}\) Ibid. \(^{6,7,8}\) Ibid.
primarily in the central cities. In the Atlanta area, 221,587 out of the total of 268,993 nonwhites live in the central city. The nonwhite share of the total population inside the corporate limits of Atlanta has risen from 38.3 per cent in 1960 to 44.4 per cent in 1966.

This study is primarily concerned with the population and population characteristics of Fulton County—the largest of the five counties comprising Metropolitan Atlanta with 523 square miles of area and a population of 593,700 persons.

According to the 1960 census, 556,146 people resided in Fulton County. Thirty-five per cent of these were Negro, or about 192,889. Of these 192,889 Negroes, 175,005 were born in Georgia. There were 70,126 employed Negroes in Fulton County, and 63,473 of these worked in Fulton County.

There were 49,395 Negroes between the ages of five and 34 enrolled in school—2,274 in Kindergarten; 33,461 in elementary (1-8 years); 10,249 in high school (1-4 years); and 3,411 enrolled in college. As can be seen from Table I, a population of 96,425 persons have completed 4030 years of school, giving a median of 7.8 school years completed.

---

1Ibid. 2Ibid. 3Ibid. 4U. S., Bureau of the Census, 1960 Census of Population and Housing, XI, p. 14. 5Ibid., p. 68. 6Ibid. 7Ibid. 8Ibid. 9Ibid. 10Ibid.
TABLE I
YEARS OF SCHOOLING COMPLETED BY NEGROES IN FULTON COUNTY

<table>
<thead>
<tr>
<th>Years Completed</th>
<th>Number of People Completing Them</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-4 years elementary</td>
<td>19,581</td>
</tr>
<tr>
<td>5-6 &quot;</td>
<td>17,173</td>
</tr>
<tr>
<td>7 &quot;</td>
<td>9,091</td>
</tr>
<tr>
<td>8 &quot;</td>
<td>8,279</td>
</tr>
<tr>
<td>1-3 years high school</td>
<td>18,397</td>
</tr>
<tr>
<td>4 &quot;</td>
<td>12,378</td>
</tr>
<tr>
<td>1-3 years college</td>
<td>3,864</td>
</tr>
<tr>
<td>4 or more years college</td>
<td>3,632</td>
</tr>
</tbody>
</table>


According to the 1960 census, there were 31,501 married Negro couples in Fulton County. Of these, 17,104 had children 18 years or under.

As far as employment is concerned, according to the 1960 census, there were 141,552 Negro males in the civilian labor force. Of these, 39,809 were employed and 1,743 were unemployed. There were 15,433 Negro males 14 or over that were not in the labor force. 1,605 of these were inmates of institutions; 5,507 were enrolled in school; 4,873 were doing something other than working, going to school, or being institutionalized and were under 65 years of age; and 3,448 that were doing something other than being institutionalized, working or going to school were 65 and over.

1*ibid., p. 14.*  
2*ibid., p. 68.*  
3*ibid.*  
4*ibid.*  
5*ibid.*  
6*ibid.*
There were 32,974 females 14 years and over who were in the labor force--31,413 employed, and 1,561 unemployed. There were 37,503 not in the labor force. Of these 195 were inmates of institutions; 6,336 were enrolled in school; and 25,216 were classified as other. Of these 25,216, 9,084 had children under six; 7,967 were married with the husband present; and 5,756 were 65 and over.

Income

Atlanta and Fulton County have both observed dramatic increases in both income and employment. Each year since 1961 the metropolitan area has added an average of almost 25,000 wage and salary jobs, with total employment now approaching half a million. Since 1961, the unemployment rate in Atlanta has dropped from 4.9 per cent to below three per cent in 1966. However, the unemployment rate for Negroes is much higher than the figures mentioned above.

According to the 1960 census, there were 42,042 Negro families in Fulton County. The number of families receiving a certain amount of income is given in Table 2 on the next page.

---

1Ibid. 2Ibid. 3Ibid. 4Atlanta Chamber of Commerce, "Atlanta--Facts and Figures," Economic Development Digest, August, 1966, p. 3. 5Ibid. 6Ibid. 7U. S., Bureau of the Census, 1960 Census of Population and Housing, XI, p. 87.
TABLE 2
NEGRO FAMILY INCOME IN 1959

<table>
<thead>
<tr>
<th>Amount</th>
<th>Number of Families</th>
</tr>
</thead>
<tbody>
<tr>
<td>Under $1,000</td>
<td>3,793</td>
</tr>
<tr>
<td>$1,000 to $1,999</td>
<td>7,087</td>
</tr>
<tr>
<td>2,000 to 2,999</td>
<td>9,557</td>
</tr>
<tr>
<td>3,000 to 3,999</td>
<td>7,644</td>
</tr>
<tr>
<td>4,000 to 4,999</td>
<td>4,853</td>
</tr>
<tr>
<td>5,000 to 5,999</td>
<td>3,366</td>
</tr>
<tr>
<td>6,000 to 6,999</td>
<td>1,904</td>
</tr>
<tr>
<td>7,000 to 7,999</td>
<td>1,337</td>
</tr>
<tr>
<td>8,000 to 8,999</td>
<td>872</td>
</tr>
<tr>
<td>9,000 to 9,999</td>
<td>575</td>
</tr>
<tr>
<td>10,000 and over</td>
<td>1,054</td>
</tr>
<tr>
<td>Total</td>
<td>42,042</td>
</tr>
</tbody>
</table>

Median Income: Families $3,076
Families and Unrelated Individuals 2,504

bAn unrelated individual is a member of a household who is not related to anyone else in the household, or is a person living in group quarters who is not an inmate of an institution.

The writer was unable to secure any more recent income figures for Fulton County, but with the aid of The Belden Continuing Marketing Survey, he was able to receive
these percentage breakdowns for metropolitan Atlanta. In metropolitan Atlanta, 29.1 percent of the population earns under $5,000. Of this 29.1 percent, 51.5 percent is white and 48.5 percent is Negro. In metropolitan Atlanta, 42.5 percent of the population earns between $5,000 and $9,999. Of the 42.5 percent, 85 percent is white and 15 percent is Negro. In metropolitan Atlanta, 28.4 percent of the population earns $10,000 and over. Of this 28.4 percent, 89 percent is white and 11 percent is Negro.

According to John V. Petrof, Atlanta ranks tenth in median Negro family income, which is about $4,900 a year.

Projected Passenger Car Registration

In looking at projected passenger car registration, the writer used a report prepared for the Atlanta Region Metropolitan Planning Commission by Hammer, Greene, and Siler Associates on 1983 passenger car registration. In this report, 1983 passenger car registration for each census tract in metropolitan Atlanta was given. Projected passenger car registration for 1983 for each census tract in Fulton County was compared with 1961 passenger car registration by the writer in order to compare increases or decreases.


2 Ibid.

3 Ibid.

For his purpose—to inquire into the feasibility of starting a Negro owned and operated dealership in Fulton County—the writer reproduced in Table 3 the comparisons for each census tract in Fulton County having a Negro population of more than 40 per cent. He has done this because it is in such an area—other factors being feasible—that the automobile dealership should be located. Such a location would enable the Negro car dealer to lead from strength, in that, according to a study made by John Petrof: "Negroes indicated that, other things being equal, they prefer patronizing Negro operated establishments."¹ Also, an article in the Wall Street Journal indicated that Negroes, if given a choice, prefer purchasing such specialty goods as cars from Negro operated establishments.²

Looking at Table 3, it can be noted that census tract F78 will experience the greatest amount of increase in passenger car registration—from 2,129 in 1961 to 17,079 in 1983, an increase of about 800 per cent. Census tract F78 is 81.84 per cent Negro. The only other census tract in Fulton County that will show as much or more increase is census tract F77, which is right next to census tract F78, and is 96.94 per cent white. In 1961, its passenger car

registration was 2,139, and for 1983, it is expected to be 18,672—approximately a 900 per cent increase.¹

¹Hammer, Greene, Siler Associates, 1983 Passenger Car Registrations, Prepared for Atlanta Region Metropolitan Planning Commission, Atlanta, Georgia, 1966, p. 27. (Mimeographed.)
<table>
<thead>
<tr>
<th>Census Tract</th>
<th>Total Population</th>
<th>White</th>
<th>Negro</th>
<th>Per Cent Negro Car Registration-1961</th>
<th>Passenger Car Registration-1963</th>
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<tr>
<td>F-8</td>
<td>5,012</td>
<td>1,485</td>
<td>3,527</td>
<td>70.37</td>
<td>817</td>
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<tr>
<td>17</td>
<td>6,652</td>
<td>612</td>
<td>6,040</td>
<td>90.79</td>
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<tr>
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<td>7,226</td>
<td>3</td>
<td>7,223</td>
<td>99.95</td>
<td>902</td>
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<td>560</td>
<td>418</td>
<td>87.38</td>
<td>329</td>
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<tr>
<td>28</td>
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<td>380</td>
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<td>2,873</td>
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<td>55a</td>
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<td>1,384</td>
<td>5,162</td>
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<td>1,678</td>
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TABLE 3--Continued

<table>
<thead>
<tr>
<th>Census Tract</th>
<th>Total Population</th>
<th>White</th>
<th>Negro</th>
<th>Per Cent Negro</th>
<th>Passenger Car Registration-1961</th>
<th>Passenger Car Registration-1983</th>
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<tbody>
<tr>
<td>F-</td>
<td></td>
<td></td>
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</tr>
<tr>
<td>55b</td>
<td>6,311</td>
<td>328</td>
<td>5,983</td>
<td>94.80</td>
<td>817</td>
<td>596</td>
</tr>
<tr>
<td>56</td>
<td>7,401</td>
<td>831</td>
<td>6,570</td>
<td>87.94</td>
<td>933</td>
<td>1,395</td>
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<td>3,280</td>
<td>124</td>
<td>3,156</td>
<td>96.21</td>
<td>1,225</td>
<td>302</td>
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<tr>
<td>63</td>
<td>5,177</td>
<td>296</td>
<td>4,881</td>
<td>94.28</td>
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<tr>
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<td>8,263</td>
<td>4,419</td>
<td>3,841</td>
<td>46.15</td>
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<td>71</td>
<td>2,220</td>
<td>624</td>
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<td>71.69</td>
<td>536</td>
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<td>78</td>
<td>14,728</td>
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<td>12,054</td>
<td>81.04</td>
<td>2,129</td>
<td>17,079</td>
</tr>
<tr>
<td>81</td>
<td>6,067</td>
<td>1,112</td>
<td>4,955</td>
<td>81.67</td>
<td>1,415</td>
<td>4,122</td>
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<td>82</td>
<td>9,765</td>
<td>240</td>
<td>9,525</td>
<td>97.54</td>
<td>1,586</td>
<td>6,226</td>
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<td>11,060</td>
<td>100.00</td>
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<td>8,301</td>
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<td>1,891</td>
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<td>364</td>
<td>9,204</td>
<td>96.19</td>
<td>1,184</td>
<td>3,171</td>
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<td>110</td>
<td>7,858</td>
<td>3,303</td>
<td>4,555</td>
<td>57.96</td>
<td>1,473</td>
<td>1,933</td>
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<tr>
<td><strong>Totals</strong></td>
<td><strong>218,948</strong></td>
<td><strong>22,993</strong></td>
<td><strong>195,955</strong></td>
<td><strong>---</strong></td>
<td><strong>35,313</strong></td>
<td><strong>72,275</strong></td>
</tr>
</tbody>
</table>

Customer Preference - Racial

Whether or not a Negro market exists is important from a marketing standpoint because of the implications for marketing strategy both to the Negro and white retailer in terms of advertising, customer service, location, et cetera. If such a market actually exists, and there is considerable controversy as to its existence, then businessmen—both Negro and white—face the problem of attracting America's more than 17 million Negroes with what might be a different approach than is used for other consumers.

The writer, in his study, faced the problem of evaluating customer preference for automobile dealerships in Fulton County. Since there are no automobile dealerships owned and operated by Negroes in Fulton County and only one in the United States, the writer relied basically on surveys conducted relating to customer preference shown by Negroes, generally.

Marcus Alexis, in his doctoral dissertation entitled "Racial Differences in Consumption and Automobile Ownership" had this to say regarding racial differences in automobile ownership:

1. There is not a noticeable Negro market in the automobile industry;

---


2. There are no significant differences in the value of automobiles owned, or price class of automobiles owned;

3. In 1959, both Negroes and whites saw certain cars as "luxury liners"—the kind that prominent people usually buy (Cadillac, Lincoln, Buick, and Imperial); they saw others as "best buys"—the most car for the money;

4. Most Negroes and whites owned Fords and Chevrolets—and these ranked highest as "best buys."

Although Dr. Alexis reached the conclusion that there was no significant difference in Negro and white ownership of automobiles, he had nothing to say regarding racial preference as to whether they—Negro or white—preferred buying automobiles from Negro or white operated establishments. As was mentioned above, there is only one Negro automobile dealership in the United States which may account for this.

In an article entitled "Colored Car Buyers" featured in the Wall Street Journal on December 2, 1966, it was indicated that, if given a choice, Negroes preferred buying such specialty goods as appliances and automobiles from Negro operated establishments.¹

Further, in answering the question "Do Negroes prefer to shop at Negro operated stores?"² in his article entitled "Customer Strategy for Negro Retailers," Dr. Petrof found that they do.

In research done by Dr. Petrof previously, he found that Negroes tend to reduce their purchases from white

¹"Colored Car Buyers," op. cit.
²John V. Petrof, op. cit., p. 4.
retailers during periods of racial strife. In his later article, "Customer Strategy for Negro Retailers," he took a random sample in metropolitan Atlanta of 315 Negro household heads in order to answer the question: "Do Negroes prefer to shop at Negro operated stores?" He found that Negroes prefer to shop at Negro operated business firms; that there was no significant relationship between the geographical origin of the respondents and race as a factor in determining their store preference; and that there was a correlation between years spend in formal education and race as a factor in influencing store preference, therefore he made the assumption that prolonged education makes Negroes more race conscious in their patronage of stores.

The writer, basing his conclusions on research done by Dr. Alexis, Dr. Petrof, and the article in the Wall Street Journal, concludes that even though there may be no significant racial difference in automobile ownership among Negro and white consumers, Negroes, other things being equal, would prefer purchasing their automobiles from a Negro owned and operated automobile dealership.

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1 John V. Petrof, "The Effect of Student Boycotts Upon the Buying Habits of Negro Families in Atlanta, Georgia," Phylon, Fall, 1963, pp. 266-270.

2 John V. Petrof, op. cit., p. 5.

3 Ibid., p. 6.
CHAPTER III
REQUIREMENTS FOR A DEALERSHIP

In this section of his paper, the writer has taken into consideration requirements for an automobile dealership. These include the requirements of the manufacturer—the franchise agreement—and other requirements necessary before undertaking the granting of a franchise by a manufacturer or the management of a dealership by a manager. Requirements in this category include profit planning, good location, finance, and personnel.

How a Franchise System Works

Franchising is essentially a system of distribution under which an individually owned business is operated as though it were a part of a large chain, complete with trademarks, uniform symbols, design, equipment, and standardized services or products. It minimizes the risk of failure for the small investor because he can associate himself with the image of a corporate name and trademark and because he receives training and management assistance for experienced personnel.


2Ibid.
The first "independent" franchised "agent" operated a steamer and electric dealership in 1898. By about 1902, many of the automobile manufacturers were distributing their cars through franchised "agents."¹

Certain economic characteristics of the early automobile industry encouraged the adoption and spread of the franchise agreement in the automobile industry. Two of the principal uncertainties related to production technology and shortage of capital.² In the early industry, the emphasis was on production; therefore, the franchise agreements were drawn to meet the economic needs of the early automobile manufacturers.³

The early automobile franchise agreements were generally of one year's duration. Dealers were designated as "exclusive agents" and were given large exclusive selling territories. The manufacturers did not assume any express obligations to deliver cars. Early cancellation provisions gave cancellation privileges only to the manufacturers. The franchises were subject to cancellation at any time but the right to cancel was usually conditioned on some type of default given by the dealer.

Because of the activity of dealer trade associations (particularly NADA) and court decisions and legislation, there is presently a trend toward shifting a larger share of dealer losses because of cancellation to the manufacturer. All of the automobile manufacturers now obligate themselves to buy back all new cars and parts in the event that they cancel one of their dealers. Nearly all of them also agree to make certain payments to their dealers on new cars still in stock in the event that wholesale prices are cut or models are discontinued. At least two major

²Ibid., p. 240.
³Ibid.
manufacturers agree to assume a portion of any lease obligation their cancelled dealers may have. These same two manufacturers also agree to give certain designated "qualified" survivors of dealers one-year tryouts with deceased dealers' franchises.\(^1\)

The parties involved in the franchise agreement are the franchisor—the automobile manufacturer—and the franchisee—the dealer.\(^2\) In the typical franchise agreement, the manufacturer agrees to:

1. Grant a protected territory to the dealer,

2. Supply automobiles and parts to the dealer at a competitive price,

3. Create and maintain good will for the benefit of the dealer,

4. Furnish trademarks, signs, and other materials which will identify the dealership as an affiliate of the company, and

5. Provide assistance in the management of the dealer's business.\(^3\)

The dealer generally agrees to:

1. Invest a certain sum in the dealership,

2. Purchase all automobiles, parts, etc., from the company,

3. Pay the company a certain amount at regular intervals for purposes of advertising,

4. Identify the dealership in exactly the manner prescribed by the company, and

5. Advertise in the manner outlined by the company.\(^4\)

\(^1\)Ibid.  
\(^2\)A. L. Tunick, op. cit.  
\(^3\)David J. Schwartz, The Franchise System for Establishing Independent Retail Outlets (Atlanta, Georgia: Bureau of Business and Economic Research, School of Business Administration, Georgia State College of Business Administration, August, 1961), p. 3.  
\(^4\)Ibid.
Factors concerning prospective franchisees that are usually investigated by leading franchisors in the automobile industry and elsewhere include the following:

1. Past work history, including names of previous employers, description of job performed, earnings, and reason for leaving,
2. Credit and financial standing,
3. Personality—the ability to meet the public and win respect, and to sell cars, etc.,
4. Home life—particularly important if the franchise involves unusually long working hours,
5. Educational background, and

Important also in the selection of a franchise for an automobile dealership is selecting one person with financial resources of at least $200,000 to invest, while in other businesses one may attempt a start with as little as $500.

**Profit Planning**

Net profit is selected here as the objective of the business—the criterion of success. The writer is not saying that it is the sole motivating force or influence of a business, but it is a measurable variable: it can be expressed in terms of absolute dollars; as a percentage of net sales; or in terms of return on investment.

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An automobile dealer operates a distinctive type of business because of the diversified activities he performs. He sells new automobiles, receiving trade-ins on many of them. Because of these trade-ins he is also in the used car business. As the manufacturer's representative, he is required to have facilities for providing service for his product; this means a service and parts business. All of these activities can be profitable, but the profit from each must be planned, not just allowed to happen. ¹

In order to plan and control the profits from each activity, the business should be separated into departments, or profit centers. ² These centers can be grouped in various ways depending upon the size of the organization and the emphasis placed on each activity in order to take advantage of a particular market area. Figure I shows a possible arrangement of profit centers. (See page 25.)

Dealerships are usually broken down into three profit centers: ³ (1) new vehicles, (2) used vehicles, and (3) parts and service (shop). Each of these profit centers should produce a return on the capital required to merchandise the particular product or produce the particular service; each should also make a profit contribution to the total profit of the dealership. ⁴

¹Ibid., p. 3. ²Ibid., p. 9. ³Ibid. ⁴Ibid.
FIGURE 1

BREAKDOWN OF PROFIT CENTERS

- Automotive Dealership
  - Vehicles
    - Finance and Insurance
      - New
      - Used
    - Cars
    - Trucks
  - Shop
    - Parts
      - Accessories
      - Replacement Parts
    - Body Shop
  - Service
    - Mechanic Service
    - Retail
    - Wholesale

One question that may be asked is "what percentage of the total profit should each profit center produce?" This varies with the character and size of the market, the overall size of the dealership, and the mix of total sales.\(^1\) The sale of new cars is a major function, but this center may yield no more gross profit than some of the other centers. Each function should be arranged so that a profit is realized—selling old or used cars, servicing, parts, etc.\(^2\) Return on investment will also depend on the relative profitability and size of the profit centers.\(^3\)

Analyzing a dealership according to profit centers has some advantages over two other methods used: service absorption and washout. Under service absorption, the gross profit produced by the parts and service department is applied to the total overhead expense. If the gross profit from the service and parts activity completely covers all overhead expense, the vehicle departments do not have to cover any overhead; thus, anything over their variable expenses is profit. Even though 100 per cent service absorption is not obtained, the higher the absorption rate, the smaller the overhead expenses to be met out of vehicle gross profit.\(^4\)

Under the washout method, gross profit is dealt with on a series of car sales starting with the sale of the new unit and ending with the straight sale of the last trade-in. The gross profit on the sale of the new and used units is totaled and stated in terms of gross profit per new unit sold.\(^5\)

\(^1\)Ibid. \(^2\)Ibid. \(^3\)Ibid. \(^4\)Ibid. \(^5\)Ibid.
This approach does not take into consideration expenses associated with selling the used units--parts and service--nor does it give any credit to the used car operation for producing a departmental profit.\(^1\) This results in the overestimation of new car profit, underestimation of parts and service profit, and no estimation of used car profit at all.

Under profit center analysis, however, one can determine the gross profit produced by the used vehicle profit center. When a used unit is traded in, its cost is its wholesale value, less any reconditioning expenses necessary to get it ready for sale. Separate calculation of gross profit from this center allows one to judge the efficiency of the used car operations apart from the new car operations.\(^2\) Another advantage is that managers can be made responsible for the operations of which they are in charge.\(^3\)

**Profit Planning in the New Vehicle Profit Center.**

Profit planning in this center will include projecting sales in units and dollars; projecting the cost of goods sold; setting up allowable expenses; and providing for a reasonable profit.\(^4\) The most important thing is to determine how many units can be sold and at what price; then operations must be geared to produce a profit based on that volume.\(^5\)

In arriving at projected new car volume, the dealer can secure the total number of new cars of his brand sold

\(^1\)Ibid., p. 11. \(^2\)Ibid. \(^3\)Ibid. \(^4\)Ibid., p. 12. \(^5\)Ibid.
from the manufacturer--here referred to as brand X--and can secure from his files the total number of cars of this brand sold by him. He will then find what percentage of these cars were sold by him. This is done for three years to allow for any fluctuations that may have occurred. The three-year average is his projected new car volume for the fourth year.\(^1\) This can be observed from the example prepared by the writer below:

<table>
<thead>
<tr>
<th></th>
<th>1964</th>
<th>1965</th>
<th>1966</th>
<th>Average - 1967</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Brand X</td>
<td>464</td>
<td>577</td>
<td>580</td>
<td>540</td>
</tr>
<tr>
<td>Total Industry</td>
<td>2104</td>
<td>2536</td>
<td>2528</td>
<td>2356</td>
</tr>
<tr>
<td>Brand X's Market</td>
<td>22.1</td>
<td>22.8</td>
<td>22.9</td>
<td>22.6</td>
</tr>
</tbody>
</table>

As mentioned on the previous page, this is the most important part of profit planning in the new vehicle profit center--determining how many units can be sold. The next step is determining at what price these units can be sold--which entails projecting the cost of goods sold, and setting up allowable expenses--and gearing operations to provide for profit based on the projected new car volume.

**Profit Planning in the Used Vehicle Profit Center.**--Used car sales are closely tied to new car sales in some fixed ratio, such as 1.3:1 or 2:1.\(^2\) These ratios, however, should not control a used car business. In the case of automobiles

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\(^1\)Ibid., p. 32. \(^2\)Ibid.
that are new, the market is limited to a particular segment; the potential used car market is not limited by price line, specific make, or the amount a customer can afford. This is because the used car center of an automobile dealership arises as a result of trade-ins on new cars, and a variety are available in a variety of makes and a variety of prices; therefore, the used-car dealer has access to the entire used car market. This can vary, however, with a dealer's location.

Used car potential is determined by: (1) lot location; (2) general physical properties of the lot such as lighting, paving, signs, closing and salesmen's offices; (3) willingness to maintain strict standards of quality of merchandise sold; (4) the terms of the guarantee; (5) clean-cut salesmen with good character; and (6) a well-rounded merchandising program—advertising, selective stock, and so forth.

If intelligent used car management is maintained in these areas, the used car profit center should make a substantial contribution of profit to the dealership.

**Profit Planning in the Parts and Service Profit Center.**—Profit planning in the parts and service profit center will include projection of sales of parts combined with services rendered; projection of the costs of the two; setting up estimated expenses; and providing for a profit in this center also. Profit planning in this center will

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1. Ibid., p. 33. 2. Ibid., p. 34. 3. Ibid. 4. Ibid. 5. Ibid., p. 41.
depend on the projected new car volume as well as the projected used car volume.\(^1\) As a rule, a certain amount of parts are estimated to be needed by each unit, and a certain amount of labor (service sales) is calculated for each unit. From these, expenses are calculated and profit is projected.\(^2\)

The importance of profit planning in the automobile dealership cannot be overemphasized; however, the writer feels it necessary to point out that profit planning is not a guarantee of success, and neither is it a substitute for sound operating programs or good business judgment.

Selection of Location

The potential market for a new car automobile dealership is limited by price line, specific make, and the amount a customer can afford to pay.\(^3\) The location of the dealership is therefore very important since it is assumed that it will be located near its market. In order to make sure that each dealer will have a sufficient market to make his dealership profitable, the automobile industry limits the number of franchises granted,\(^4\) therefore it is very important to consider population growth trends, components of the population, income, and projected passenger car registration before selecting a location.

The writer, in selecting a location for the proposed dealership, had only to compare increases or decreases in 1961

\(^1\)Ibid., p. 32. \(^2\)Ibid. 
\(^3\)Fritzemeyer and Haeberle, op. cit., p. 34. 
\(^4\)Letter from Wilfred C. Leland, op. cit.
passenger car registration and projected passenger car registration for 1983, and to take into consideration any advantages or disadvantages of locating a Negro owned and operated dealership in the census tracts where the most growth was anticipated. Disadvantages could take the form of an automobile dealership being located there already, or the census tract would be predominantly white. Advantages could be that there is presently no automobile dealership located there, and the census tract would be predominantly Negro. If there is an automobile dealership already in that particular location, then it is unlikely that another franchise would be granted for that location, however, if there is not and the trend of growth warrants it, there is a good possibility that one would be granted. If the particular area is predominantly Negro, then the Negro owned and operated dealership will stand a better chance of succeeding since, as pointed out in the section entitled "Customer Preference - Racial," page 19, Negroes, if given a choice, prefer buying automobiles from Negro operated establishments.

As mentioned previously, the writer had only to compare increases or decreases in passenger car registration for 1961 and projected passenger car registration for 1983 in determining the census tract with the most predicted growth. This was because in the report compiled by Hammer, Greene, and Siler Associates for the Atlanta Region Metropolitan Planning Commission on 1983 passenger car registration,
a complete demographic analysis had been made. Below is the procedure they used and the factors they considered:

Automobile registrations by census tract were tested against available social and economic data from the 1960 census, separately and in various combined forms, and all but the average income factor were rejected because resulting correlations were too erratic. It was found that within geographical areas having similar characteristics, there was a reasonably close correlation between the distribution of average family income and auto registrations, or ratios of the number of automobiles per separate household.

From the preliminary analysis of 1960 census data, discussed above, it was recognized that factors other than income, such as age distribution, proximity to public transportation, employment characteristics, distance from major employment centers and racial characteristics of the population could account for an unusual increase or decrease in the ratio of cars available to households. The next step in the analytical procedure was to determine the effect of these factors on the distribution of automobile registrations as indicated by the income factor alone.

The ratios of automobiles per household by income ranges were multiplied by the estimated distribution of 1961 households by income range within each census tract to determine the theoretical distribution of automobile registrations attributable to households. This theoretical distribution was then compared with the actual 1961 distribution of automobile registrations. The extent of variation between the theoretical and actual registrations was determined and categorized within five ranges.

By subjective examination the apparent reasons for each census tract's variation from the basic income-to-automobile relationship were determined. For example, estimates of automobiles per household were found to be high in the central areas of Atlanta, along major public transit routes and close to other high employment areas. Estimates were found to be low in most of the distant suburban areas.

Estimates of motor vehicle registrations expected for each tract zone in 1983 were based on the adjusted ratios of automobile per household established for 1961 and on independently derived control totals for each of the five metropolitan area counties.

Overall estimates of 1983 passenger car registrations were established through separate calculations of vehicles for non-institutional population in households were based on a detailed analysis of the annual changes in registrations in each of the five
counties from 1950 through 1965. These changes were related to known changes in the household population and in regional development patterns for each of the metropolitan area counties and forecast ratios of persons per motor vehicle were established on the basis of changes anticipated by 1983. Control totals of automobiles available to households were then calculated forecasts of 1983 household population. Automobiles attributable to persons in group quarters were added to produce the final figures on vehicles available to the 1983 non-institutional population.

Detailed estimates of 1983 automobile registrations by tract zone were computed through application of the calculated ratios of automobiles per household to the established 1983 distribution of households by income range for each tract zone. The vehicles attributable to persons in group quarters were added. Tract zone totals were combined for each of the five counties and for metropolitan area and the county totals compared with the calculated control totals. Tract zone estimates were adjusted on a pro-rata basis for each of the five counties.

When comparing the 1961 passenger car registration and projected 1983 passenger car registration for census tracts in Fulton County, the writer found that of the predominantly Negro census tracts in Fulton County, census tract F78 would experience by far the most growth—from 2,129 registrations in 1961 to 17,079 in 1983, or about 800 per cent growth. Census tract F82 would be next in line with approximately 500 per cent growth—from 1,586 in 1961 to 6,226 in 1983. (See Table 3.)

These census tracts are next to each other with a population of more than 24,000 of which 80 per cent is Negro. Somewhere between those two census tracts would be the ideal location for the proposed dealership because of the reasons mentioned previously—growth potential and the concentration of the Negro population.

Financial Requirements

Financial requirements for establishing an automobile dealership having a planning potential of 500 new units with a full range of new equipment and a real estate investment (land and buildings) of $163,100; adequate working capital (about $99,500); and adequate fixed assets (about $37,000) totals about $299,600.1 (For a more detailed breakdown, see Table 4.)

The writer would like to point out here that a small savings could be achieved by leasing the land and buildings since it is assumed in the $163,100 real estate investment that these items are purchased rather than leased.

He would like to further point out that these are figures for a new car Ford dealership, therefore, depending on the type of dealership selected, they may vary accordingly.

1Prospectus for a Ford Dealership Having a Planning Potential of 500 New Units, Ford Division, Ford Motor Company, Atlanta District, East Point, Georgia. ( Mimeographed.)
TABLE 4

FINANCIAL REQUIREMENTS FOR AN AUTOMOBILE DEALERSHIP
(PLANNING POTENTIAL OF 500 NEW UNITS)\textsuperscript{a}

<table>
<thead>
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<th>Current Assets</th>
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<tr>
<td>Cash</td>
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<td>Accounts Receivable - parts and service</td>
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<td>Other Receivables</td>
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<tr>
<td>New cars</td>
<td>79,500</td>
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<tr>
<td>New trucks</td>
<td>14,900</td>
</tr>
<tr>
<td>Demonstrators</td>
<td>13,000</td>
</tr>
<tr>
<td>Used cars and trucks</td>
<td>29,100</td>
</tr>
<tr>
<td>Parts and accessories</td>
<td>32,500</td>
</tr>
<tr>
<td>Total prepaids</td>
<td>5,000</td>
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</table>

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<th>Current Liabilities</th>
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<td>Notes payable</td>
<td>109,500</td>
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<td>Total Current Liabilities</td>
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<table>
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<td>$136,500</td>
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<table>
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<th>Real Estate Investment</th>
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<td>$163,100</td>
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<table>
<thead>
<tr>
<th>Total Investment + Real Estate</th>
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</thead>
<tbody>
<tr>
<td>$299,600</td>
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</tbody>
</table>

\textsuperscript{a}Source: Prospectus for a Ford Dealership Having a Planning Potential of 500 New Units, Ford Division, Ford Motor Company, Atlanta District, East Point, Georgia. (Mimeographed.)
Personnel Requirements

Following the assumption that the automobile dealership is based on an economic model that has a population of 35,000 people and a current annual planning volume of 500 new units per year, personnel required totals \(55 = \text{eight managers and 47 employees.}\)

At the head of the organization is the dealer and/or the general manager who is responsible for coordinating the activities of the 54 other persons, and who made the initial investment and negotiations for the dealership. Following his is the general sales manager who is generally responsible for the new car sales, used car sales, and new and used truck sales. He coordinates the activities of the new car sales manager, the new and used truck sales manager, and the used car sales manager.

Next in the organization is the New Car Sales Manager who would have a total of five new car salesmen and two get-ready personnel under his jurisdiction. They are specifically responsible for new car sales, and have the responsibility of preparing the cars for sale.

Next is the New and Used Truck Sales Manager who has under his jurisdiction one truck salesman. He is responsible for the sale of new and used trucks.

Next is the Used Car Sales Manager who has under his jurisdiction four used car salesmen and three reconditioning

\(^1\text{Prospectus for A Ford Dealership, op. cit.}\)
men and porters. They are responsible for preparing the used cars for sale and for selling them.

Next is the Office Manager who has under his jurisdiction three office and clerical personnel. They are responsible for keeping all records, handling correspondence, etc.

Next is the Parts Manager. Under his jurisdiction are three parts salesmen and one other parts employee. They are responsible for the procurement and sale of parts.

Next is the Service Manager. Under his jurisdiction are three service salesmen and shop foremen, twenty-one mechanics and body and paint men and one other parts employee. They are responsible for repairs, replacements, accessories, and generally, the sale of their services.

Finally, there is the Fleet, Leasing, and Rent a Car Manager who is responsible for the miscellaneous activities such as discounting, leasing, and rental sales. (See Figure 2 for this recommended dealership organization.)
FIGURE 2

RECOMMENDED DEALERSHIP ORGANIZATION

- Dealer or
  General Manager

- General Sales
  Manager

New Car
Sales
Manager

New & Used
Truck Sales
Manager

Used Car
Sales
Manager

Office
Manager

Parts
Manager

Service
Manager

- Fleet,
  Leasing,
  Rent A Car
  Manager

- 5
  Sales
  Men

- 2 Gat-
  Ready
  Personnel

- 1 Truck
  Salesman

- 4 used
  car

- 3 Recon-
  dening

- 3 office &
  clerical

- 3 parts/
  0 other

- sales-
  personnel

- men/
  nnel

- Men
  /Personnel/

- 14
  Men

- 3 Service
  Salesmen &
  Shop

- 21 mechanics
  Body and

- 10
  Men

- Other

- 5
  Men

- 3
  Men

- Total:
  2 Managers
  14 Employees
  80 Men and 38 Women

Source: Prospectus for a Ford Dealership Having a Planning Potential of 500 New Units, Ford Division, Ford Motor Company, Atlanta District, East Point, Georgia.
Marketing Strategy

In proposing a marketing strategy for the proposed Negro owned and operated dealership in Fulton County, Georgia, the writer has taken into consideration three areas: (1) location, (2) type of dealership, and (3) advertising. Each of these is discussed more thoroughly below.

Location.—As pointed out in previous sections, choosing a location is most important in establishing an automobile dealership, for the location chosen will determine the potential market, and in the case of a new-car dealership, the potential market is limited by price line, specific make, and the amount a customer can afford. Also, as is true in any business venture, the choice of a correct of incorrect location will determine the success or failure of the dealership.

In selecting a location for the proposed dealership, the writer gave most consideration to growth in projected passenger car registration and concentration of the Negro population in an area. The reasons for this have already been pointed out, but will be reiterated here. In considering growth in passenger car registrations for 1983, such

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1 Fritzemeyer and Haeberle, op. cit., p. 34.
factors as proximity to transportation facilities, income, and projected 1983 population were given much consideration in arriving at figures; therefore, the writer concluded that evidence of growth in passenger car registrations for a particular area would also indicate growth in population and increase in income. In his decision to choose predominantly Negro areas, the writer was backed up by research conducted by Dr. Petrof\(^1\) and further, by an article in the Wall Street Journal,\(^2\) both of which indicated in essence that Negroes prefer to shop at Negro operated establishments. This gives the Negro businessman a differential advantage, and in business, one should capitalize on his differential advantage whenever possible.

The writer recommends that the automobile dealership be located somewhere between census tracts F78 and F82 which are next to each other, because they will experience the most growth, by far, in passenger car registrations for 1983.\(^3\) Also these two areas have a population of 24,000 persons and are 80 per cent Negro.\(^4\)

Not mentioned, but which the writer has categorized for future reference is the fact that next to census tract F78 on the opposite side from F82 is census tract F77, which will experience tremendous growth in passenger car registrations.


\(^3\)1983 Passenger Car Registrations, p. 27.

\(^4\)Ibid.
in 1983--about 900 per cent--and is 96.94 per cent white.\(^1\) By locating between F78 and F82, the writer has not overlooked the possibility of the dealership being located near enough to census tract F77 in order to attract a portion of that market.

**Type of Dealership.**—Since the new car automobile dealership's potential market is limited by price line, specific make, and the amount a customer can afford, it is imperative that a specific type of dealership be planned for according to the customers' tastes and the amount he can afford. The writer has conducted no research to establish the type of dealership that would be most appealing to occupants of the selected census tracts, but he recommends that this type of research be undertaken before deciding to which manufacturer of automobiles to apply for a franchise. He recommends, though, that the automobile dealership be either Ford or Chevrolet, with a slight preference for Ford. This is because, according to research conducted by Dr. Alexis, Negroes and whites owned more Fords and Chevrolets and characterized these as "best buys," with a slight preference in both races for Ford.\(^2\)

**Advertising.**—According to Dr. Petrof, "The primary goal of every industrial and economic activity is the efficient and profitable delivery to the consumer of the products

\(^1\)Ibid.

\(^2\)Alexis, *op. cit.*
and services that the consumer wants and needs. Marketing is an important function of the process of satisfying the consumer, and advertising is an integral part of marketing.\textsuperscript{1}

He writes that "the function of advertising is to provide the firm with a communications channel through which it can present its messages to the public."\textsuperscript{2}

In a series of articles in the \textit{Harvard Business Review}, Henry Allen Bullock noted that advertising basically had made two approaches to the Negro market--either ignoring it, or giving it special treatment through Negro media.\textsuperscript{3} He recommended that a third course be followed--development of an "integrated" advertising approach.\textsuperscript{4} Such an approach is feasible, he said, because the motivational forces guiding the behavior of black and white consumers, though different in detail, have common denominators which advertisers can manipulate in favor of the sale of a product or service.\textsuperscript{5}

Needless to say, there has been much discussion about the kind of advertisements that appeal to Negroes. One has only to turn on his television to get a glimpse of a black face in a commercial that just a few short years ago contained no such face. He can open \textit{Ebony} to many advertisements other than the standard Negro cosmetics, hair preparations, etc. that used to be there. He can read his Negro newspaper and discover advertisements that used to appear only in the

\textsuperscript{2}\textit{Ibid.} \textsuperscript{3}Bullock, \textit{op. cit.}, p. 89. \textsuperscript{4}\textit{Ibid.} \textsuperscript{5}\textit{Ibid.}
general newspaper. He can see a scattered billboard now and then which displays a black face among the white faces. All of these things are the results of the discussion about advertising to Negroes.

In deciding which advertising media, or which advertising strategy to use in his proposed Negro owned and operated dealership in Fulton County in order to capitalize on a proposed differential advantage with respect to Negro consumers, and to possibly capitalize on portions of the white market the proposed location would afford, the writer turns to a study made by John V. Petrof on "Advertising Efficiency in Reaching the Negro Market by Medium of Presentation." Dr. Petrof's study evaluated the difference in awareness created in a prospect's mind when the same advertisement was presented through two different media. The two media used were a segregated medium—the Negro newspaper, the Atlanta Daily World—and a general medium—the Atlanta Constitution. Results obtained were:

(1) The advertisement of the firm catering primarily to Negroes was noticed in the Negro newspaper by 46 per cent of the sample. However, only 82 per cent of those who claimed to have seen the advertisement were able to identify it correctly.

(2) The same advertisement drew claims of having been noticed in the general newspaper by 29 per cent of the sample, and the percentage of those who correctly identified it was 40 per cent.

1Petrof, op. cit., p. 2.
2Ibid., pp. 6-7.
(3) The advertisement of the retailer catering to both races was noticed by 64 per cent of the interviewed Negroes in the general newspaper; 90 per cent was able to correctly identify it.

(4) The same advertisement appearing in the Negro newspaper was noticed by 31 per cent of the respondents; only 39 per cent could correctly identify it.\(^1\)

Implications of the results received were:

(1) Only products and firms catering primarily to Negro customers can make a more effective impact on their prospective clients by using a segregated publication in newspaper advertising.

(2) The advertiser who markets products and services of general use can increase the mileage he gets from his advertising expenditures by using a general newspaper to communicate with his prospective Negro customers; for example, a local car dealer who desires to convey a message to a Negro prospect improves his chances of accomplishing this objective by better than 100 per cent when he does so through a general instead of a Negro newspaper.\(^2\)

Based on Dr. Petrof's findings, the writer therefore recommends that the proposed Negro owned and operated automobile dealership in Fulton County advertise through the general newspaper since the automobile is not exclusively a Negro product. In this way, the dealer will improve his chances of reaching more Negroes, or of creating awareness of his product in more Negroes, while at the same time creating awareness in the general market which he has hopes of attracting.

\(^1\)Ibid., pp. 11-12.

\(^2\)Ibid., p. 12.
Summary and Conclusions

The purpose of this study was to explore the feasibility of starting an automobile dealership in Fulton County, Georgia, which would be Negro owned and operated. The writer has reached the conclusion that such a venture is feasible after studying the population and its components, income, projected passenger car registration, financial requirements, and personnel requirements.

The writer recommends however that the type of dealership be researched further and that the owner, general manager, and sales manager receive some training in automobile dealership management since it is unlikely that they will have had any training in this area prior to becoming managers of the proposed automobile dealership.
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