

## CIT ACCOUNTING STUDENTS ANALYSE THE MACROECONOMIC FACTORS AFFECTING THE PERFORMANCE OF THE CAR INDUSTRY AND CAVANAGHS FORD DEALERSHIP



### BACKGROUND

Cavanaghs of Charleville is part of an award-winning Ford Dealership that has been in operation in Cork since 1966. They sell new Ford cars, vans and commercials as well as stocking an extensive range of used cars serving the Cork, Limerick and Munster markets.



### THE NEED

CIT Accounting students were asked to give an overview of the economic performance of the car industry and the performance of Cavanaghs Ford Dealership. The research included investigating the market and factors which could affect Cavanaghs in the future.

### THE SOLUTION

Students provided an analysis of the macro-environment and gave insights into the different factors which could affect Cavanaghs in the future.

In terms of findings, students identified Brexit and environmental concerns as the main challenges affecting the car industry. Some points raised by the groups included:

- As a result of Brexit, there will be significant changes to the daily operations for Cavanaghs as it trades heavily with the UK, e.g., all parts ordered from the UK have next day delivery but this will soon change.
- A no-deal Brexit will change the process of importing cars from the UK into Ireland. The volume of imported cars has risen since the Brexit vote as the value of sterling has dropped.
- Ireland is increasing VRT (Vehicle Registration Tax) from 5% to 21% to improve emission testing. This could potentially decrease car sales.
- There was a 98% increase in the registration of electric car sales between 2017 and 2018 (SIMI Motor Stats).



### BENEFITS OF THE ENGAGEMENT

Benefits for students included working with an experienced company in a highly competitive environment. This allowed students to conduct market research on the macroeconomic environment. Cavanaghs benefited by gaining extensive market research into the industry they operate in and an insight into their business's market position.

**“This was a great opportunity for students to work on a project that identifies real-life business issues. This project bridged the gap between theory and practice which made the learning experience more ‘real’ for the student.”**

- Niamh Lenihan, Economics lecturer, MTU.

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