

Franchise Dealer Numbers on the Rise

Urban Science released statistics and insights last week from its 2012 Automotive Franchise Activity Report showing a slight uptick in the number of dealerships in the U.S. for the second straight year.

The report also projects the dealership network will remain stable for a third straight year. As of Jan. 1, 2013, there were 17,851 dealerships (rooftops) a 0.5 percent increase from 17,767 on Jan. 1, 2012.

"In the past, a 2 percent dealership annual decline was considered normal," said John Frith, vice president, retail channel solutions, Urban Science.

"But barring unexpected economic changes, network growth of 0.1 to 0.2 percent will become the new benchmark for the next few years."

The dealership count has a large impact on the profitability of individual dealers because of its relationship to throughput, the average number of sales per dealership.

Based on 2012 vehicle sales of 14.5 million, Urban Science's analysis showed a 13 percent throughput increase, with an average of 812 vehicles sold per dealership, compared to 719 in 2011.

Urban Science estimates that if 2013 vehicle sales reach 15 million, as projected by LMC Automotive, average sales per dealer will shatter the current all-time high and increase to 839.

The consulting firm expects "normal" throughput levels to settle around 830.

Data shows that at the state level, the most significant dealership increases occurred in:

- Texas, 25 dealerships;
- California, 24 dealerships;
- Florida, 11 dealerships.

As of Jan. 1, 2013, there were a total of 31,608 franchises (brands a dealership sells). This figure represents about an 8 percent increase, up from 29,380 on Jan. 1, 2012.

This 8 percent net increase is due largely to the addition of 2,277 RAM franchises. But those numbers were slightly offset by the closures of 187 Saab franchises.

"If sales stabilize around 15 million, we expect the overall dealership count to remain relatively flat," said Frith.

"While there are fewer dealer-

ships today than a decade ago, they are larger and should be able to easily manage the increased sales and throughput."

Frith added, "We have a good balance of sales and stores, allowing for fewer incentives and increased dealership profitability - key reasons why it's critical to maintain a right-sized network."

Urban Science maintains a list of current new vehicle dealership and franchise information for all car and light truck brands in the United States.

The list is compiled on a monthly basis and the census is considered the most reliable source of dealership statistics.

The data comes from a variety of sources, including feeds from automotive manufacturers as well as telephone and field verification.

Urban Science has been collecting this information since 1990 and compiles a yearly analysis that is presented every February for the previous year in its annual Automotive Franchise Activity Report.

Urban Science, founded in 1977, is a global retail consulting firm that takes a scientific approach to help companies identify where they should allocate resources in order to increase their market share and profitability in the most effective and efficient manner.

With headquarters in Detroit, Urban Science serves its global clientele from offices all over the world, including the United States, Spain, UK, Germany, Italy, France, Australia, China, Mexico, Russia and Japan.

For more information on Urban Science, please visit the Website www.urbanscience.com.

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