

They're getting bigger, stronger and richer
Ward's Dealer Business
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Since 1997, average top 500 dealership revenue climbs \$10 million annually

Dealers on the 15th annual Ward's Dealer Business 500 are getting bigger and stronger.

Since 1997 -- when the total revenue average per dealership on the Ward's 500 equaled \$90.9 million -- the total revenue average has increased approximately \$10 million each year to reach 2000's record total average of \$121 million.

In 1999, 241 dealers surpassed the \$100 million mark for total revenue. In 2000, that number leaped to 294.

Three dealers this year made the \$400 million plateau, led by Longo Toyota with \$487.1 million.

The Ward's Dealer 500 sold 5% more new vehicles in 2000 than in 1999 -- from 1,459,556 to 1,543,147 in 2000.

The automotive retail industry as a whole increased its total about 4% -- from 16.8 million in 1999 to 17.4 million in 2000. The Ward's 500 accounted for 9% of the new vehicles sold in the United States, up from 8% in 1999. The 500 account for 2.2% of the dealerships in the U.S. Of the 500, about 110 are publicly owned.

These figures show that the "best dealers are growing faster than the industry overall," says Lincoln Merrihew, vice president of corporate planning for the Automotive Information Center.

But James A. Mateyka, vice president of A.T. Kearney's automotive division, notes, "The dealers not on the 500 list are still selling the majority of vehicles in the U.S."

In spite of record vehicle sales, however, dealers on the Ward's 500 list say they pay special attention to other profit centers such as fixed operations and finance & insurance.

Mr. Merrihew says, "These dealers have been able to spread the growth throughout each of the departments."

The reason is simple for dealer Jon Lancaster, whose Madison, WI dealership ranks 459th.

"Maintaining a balance to weather the storms is important. There's a lot of stuff that keeps you in the game," says Mr. Lancaster.

It might not be a destructive storm, but most analysts predict sales for 2001 will be less than 2000 and 1999, yet still the third best sales year on record.

Says Mr. Mateyka, "2001 is not going to be as big as 2000. Bright dealers realize there is a lot of market share to be gained in the used-car and service sectors."

He says all dealers should develop a viable used-car strategy and aggressively go after the service business -- things the Ward's 500 dealers are already doing.

Fred Ricart, whose Columbus, OH dealership ranks 2nd this year, says, "The more time I spend in my used-car department, the better they seem to get." Ricart Ford has doubled the amount of customer follow up and enhanced its customer lounge. He sold 13,436 used vehicles in 2000 compared to 11,831 in 1999 and 10,618 in 1998.

John Hines, a Pontiac, Mazda and Dodge dealer says "Fixed operations is where our biggest gains were.

Each of his back-end departments increased significantly. The parts and accessories department led the charge, increasing its sales by \$4 million. As a result, the San Diego dealership jumped from 491st last year to 419th this year.

Ward's Dealer 500 Highlights

Ward's 500 cut-off is \$73.4 million. Last year's cut-off was \$70.1 million.

The Western region has 161 dealerships -- up from 146 last year. The Central region is down 9 from last year's total. The Midwest also lost dealerships from 66 to 58.

Ford maintains its lead in the number of dealerships, although its total is down 12 -- 138 this year, 150 last year. Rival Chevrolet is also down -- from 95 last year to 85 this year.

Meanwhile, the multi-franchise category increased its number of stores to 77. Toyota had the biggest increase, jumping from 53 to 65 this year.

The consolidators again are a presence on the list. AutoNation leads the way with 96 stores. Van Tuyl is second with 24.

AutoNation continues its national unbranding by renaming several stores using names of local owners or local geography. The southern Florida stores are now under the Maroone brand, Las Vegas dealerships are under the Desert name, and Colorado stores have the John Elway name.

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