

The Deloitte logo is positioned in the top left corner. It features the word "Deloitte" in a white, bold, sans-serif font, followed by a small green dot.

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The background of the entire page is a long-exposure photograph of a car driving through a tunnel. The lights on the tunnel walls and ceiling create a series of radial lines that converge towards the center, giving a sense of rapid motion. A large, semi-transparent circular graphic is overlaid on the center of the image. This graphic consists of a thin white outer ring and a thicker, multi-colored inner ring. The inner ring is divided into segments of blue, green, and white, with some segments appearing as dashed lines. The overall color palette is dominated by the blues and greens of the light trails, with the white of the road lines and the Deloitte logo providing contrast.

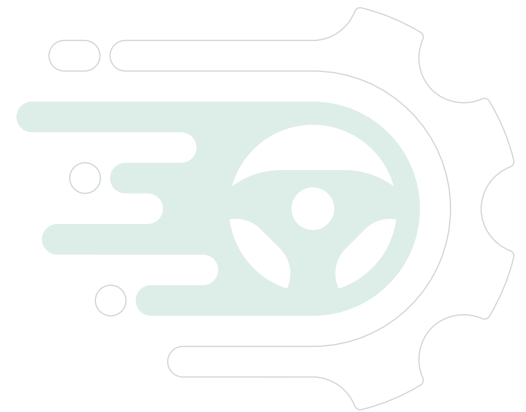
2024 Dealership Benchmarks

Deloitte | New Zealand

Profit*focus*[™]

Introduction

To help navigate these changing times, we are delighted to present our 2024 Dealership Benchmarks for the New Zealand car market.



In 2023 New Zealand dealers faced a turbulent marketplace. Major influences such as the general cost of living situation, a government change and the change in the clean car standard impacted various sectors in the market pre-year end, some sectors enjoying accelerated focus (EV's) and others causing the moratorium of deliveries until post January 1, 2024.

However, there was a clear underlying trend of benchmark performance across the strongest dealers, these trends are reflected in the performance data published in this booklet.

The starting point for these benchmarks is the data uploaded to the eProfitFocus system by more than 180 dealers in the New Zealand market in the 12 months leading up to the benchmark period. The actual results of the top 30% of dealers in each key department (new, used, parts, service and finance & insurance), as well as the top performers overall, form the reference point.

This ensures that the benchmarks are always tied to actual levels of performance that are achievable in the prevailing market. We then review this raw data in the light of industry trends and long-held best practices to derive a set of benchmarks.

We are always happy to discuss any aspect of these benchmarks, so please feel free to contact a member of the Deloitte team listed at the back of this booklet or at www.deloitte.com/au/en/products/profitfocus.



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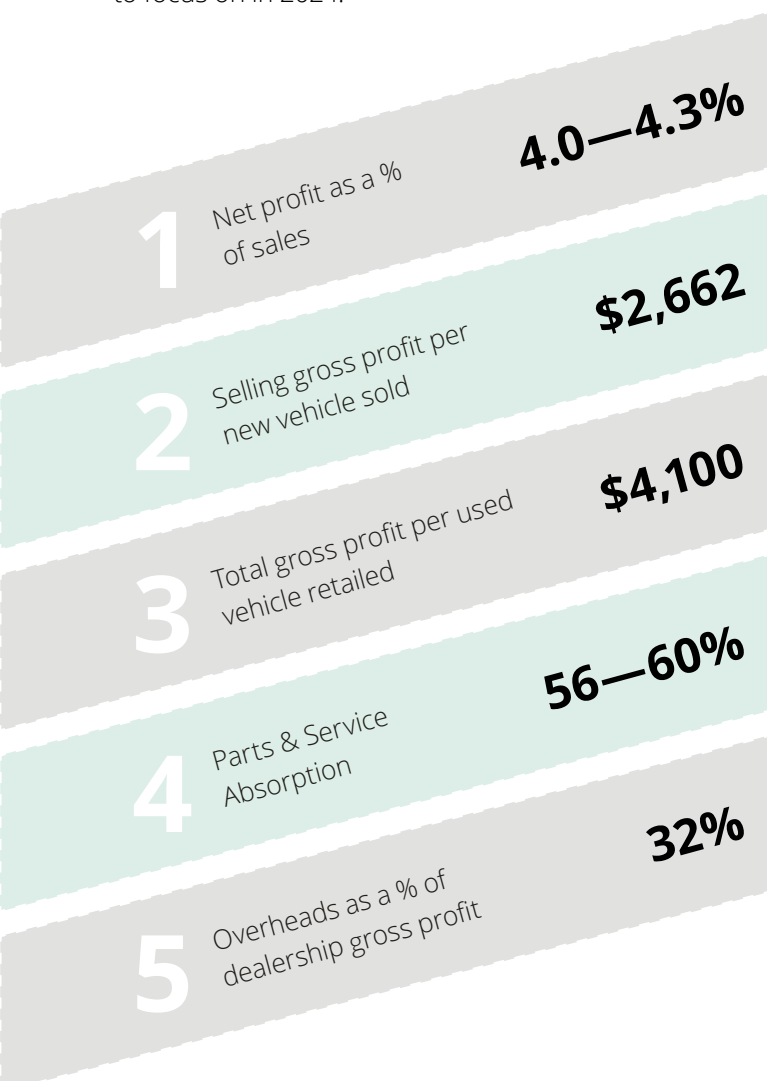


Light Vehicle Market benchmarks

In 2023 the average New Zealand dealer enjoyed strong new-car volumes in the first half of the year, however the lead up to the election then combined with delayed rules around the clean car standard caused significant market volatility in the second half of the year. At the same time used car values were consistent in the first half yet volatile in the second-half, so combined with rising floorplan costs and general expense creep, this lead to challenging market conditions for many in the second half. This only highlights the importance of aftersales for the continued stability of a retail dealership in New Zealand. Nevertheless, net profits for the full year remained higher than pre-Covid levels.

Whilst new car volumes are imperative for dealerships health, so is the overall balance of GP contribution between each department.

For New Zealand dealers, these are the top five metrics to focus on in 2024:



A note about these benchmarks

Benchmarking is an excellent method of monitoring performance and setting goals.

These benchmarks are a measure of best practice drawn from the top 30% of dealers in the eProfitFocus database, which features more than 180 dealers.

This booklet is intended as a guide to dealership performance. Some dealerships, due to certain geographic or demographic circumstances, cannot achieve all the guidelines.

For help clarifying and interpreting these benchmarks please contact us

at www.deloitte.com/au/en/products/profitfocus

Total dealership

Trading summary

Net profit as % of sales	4.0 - 4.3%
Days to dealership breakeven*	21

* Based on a full month i.e. 30 days

Dealership structure	Orientation	GP %
New*	38%	7-11%
Used	18%	8-11%
Parts	15%	26-29%
Service	29%	62-66%
	100%	13-15%
Front end (vehicle operations)	56%	
Back end (fixed operations)	44%	
Finance and insurance income	7% of total gross	
Other income and incentives	3% of total gross	

Orientation = Where does the gross profit come from? GP% = Gross Profit % Sales. How strong are my gross margins?

Note these orientation benchmarks provide a guide for achieving above average results in the market today. However, businesses that deliver sustainable results over a longer time frame tend to have a only slight front-end bias to their operations.

* New vehicle GP% in the Volume segment tends to be in the range 7-9%, with margins in the Luxury segment in the range 10-11%

People

Gross per employee per month	\$15,200
Net profit per employee per month	\$5,000

Vehicle operations

Product	New	Used
Gross profit per unit*	4,000-6,000	3,700-4,300
Used/new ratio (retail)	n/a	0.70
Days supply	50-60	60-70
Stock turns p.a.	6 to 7	5 to 6
Gross ROI**	66%	64%

* Includes holdback, bonuses, aftermarket, and load reversals but excludes F&I

** Gross as a % of cost of sales x turns p.a.

People	New	Used
Units per sales staff per month*	10-14	9-10
Gross profit per salesperson per month	\$60,000	\$39,360

* The Volume market tends to see 12-14 new units / month, with 8-10 in Luxury. Used units tend to be 10-11 in the Volume market and 8-9 in the Luxury market.

Finance and insurance (F&I)

F&I product	New	Used
Finance penetration	30-36%	35-40%
Finance income per contract	2,600-2,800	2,100-2,300
Finance per retail unit sold	890	825
Insurance per retail unit sold	17	109
F&I selling gross per vehicle retailed (new & used)		\$739

People	
Vehicles retailed per F&I staff per month	37-42
Salaries and commissions as a % of income	27%
F&I income per dept employee per month	31,100

Fixed operations

Parts department	Sales mix %	GP %
Retail/counter	9%	32%
Wholesale/trade	30%	25%
Workshop	36%	30%
Warranty	11%	19%
Internal	14%	28%
Total	100%	26-29%
Operational benchmarks		
Days supply		27-37
Stock turns p.a.		11 to 12
Monthly sales per employee		109,150
Monthly gross per employee		29,950
\$ sales per \$ salary		\$23.40

Service department	Sales mix %	GP %
Labour		
Retail	66%	73%
Warranty	12%	58%
Internal	21%	70%
Total labour sales	100%	67%
Sublet sales		17%
Total gross profit (% sales)		62-66%
Operational benchmarks		
Performance index (productivity x efficiency)		95-105%
Monthly labour sales per technician		\$19,000
Monthly labour gross per technician		\$13,000
Parts/labour ratio		0.65
Ratio of chargeable to non-chargeable		1.3
Parts and service absorption		56-60%
Retention—relative service size**		\$2,220-\$3,220

**Labour sales per new retail unit sold per month.

This tends to be \$2000 - \$3000 in Volume and \$3000 - \$4000 in Luxury

Department profitability

	New		Used	
Vehicle operations	% Gross	\$/Unit	% Gross	\$/Unit
Gross profit*	100%	4,000-6,000	100%	3,700-4,300
Sales staff salaries and comms	18.1%	905	15.2%	624
Manager salaries and comms	5.0%	250	3.5%	143
Aftermarket salaries and comms	0.2%	8	0.1%	4
Other salaries	3.7%	185	1.4%	57
Pre-delivery costs	3.0%	150	–	–
Free service/policy	1.1%	55	–	–
Used warranty	–	–	1.3%	53
Advertising	8.0%	400	3.6%	148
Training	0.1%	5	0.1%	4
Floorplan	6.6%	330	2.6%	107
Demonstrator expenses	1.0%	50	2.1%	86
Selling gross profit	53.2%	2,662	70.1%	2,874
Selling gross profit per salesperson		\$31,900		\$27,591
Selling gross profit per employee		\$17,323		\$14,873

* Includes holdback, bonuses, aftermarket and load reversals but excludes F&I

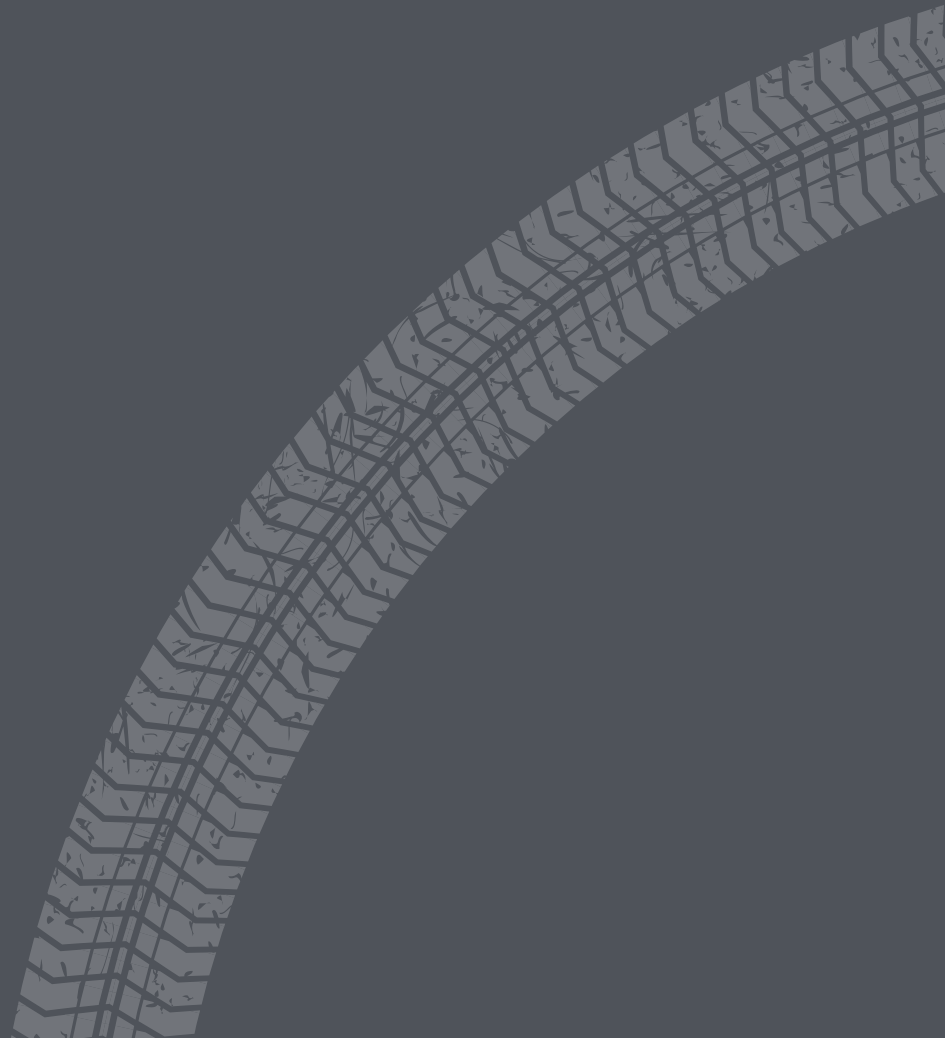
Fixed operations	Parts % gross	Service % gross
Salaries (non-chargeable)	17.4%	25.0%
Advertising and promotion	0.4%	0.6%
Training	0.1%	0.7%
Policy/freight	0.9%	1.3%
Tools and supplies	0.1%	0.7%
Equipment and vehicle maintenance	0.8%	2.7%
Sick/holiday—technicians	–	3.5%
Selling gross profit	80.3%	65.5%
Selling gross profit per technician	–	\$10,230
Selling gross profit per employee	\$24,000	\$5,750

Dealership overheads

	% Gross
Administration and salaries	5.8%
Training	0.1%
FBT (net of contributions)	0.7%
Payroll tax	0.1%
Superannuation	0.9%
Long service leave	0.1%
Rent (or mortgage interest)	9.9%
Rates and taxes	0.9%
Property maintenance/outside services	1.5%
Telephone	0.3%
Insurance (including workers compensation)	1.9%
Office supplies/stationery	0.4%
Professional fees	1.2%
Data processing	1.4%
Bank charges and taxes	0.3%
Interest (overdraft/working capital)	1.3%
Bad debts	0.1%
Depreciation	1.9%
Electricity	0.8%
Travel and entertainment	0.6%
Management fees	0.4%
Miscellaneous	1.4%
Total fixed expenses	32%

Overheads are shown as a percentage of total dealership gross profit. This includes gross profit from the New, Used, Parts and Service departments, but excludes net F&I income which is brought into dealership profit at a selling gross level.

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