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2024 Dealership Benchmarks

Deloitte | Australia



Introduction

To support dealers in these changing times, we are delighted to present our 2024 Dealership Benchmarks for the Australian car market

Following a year of fluctuating new car gross margins, returning stock and increased interest rates, we've analysed the data and set a new framework of metrics to help Australian dealers build a sustainable, long-term business.

In the 12 months leading up to the benchmark period, more than 1,800 Australian dealers uploaded data to the ProfitFocus system. This data is the starting point for these benchmarks, while the actual results of the top 30% of dealers in each key department – new, used, parts, service, and finance and insurance (F&I) – as well as the top performers overall, form the reference point.

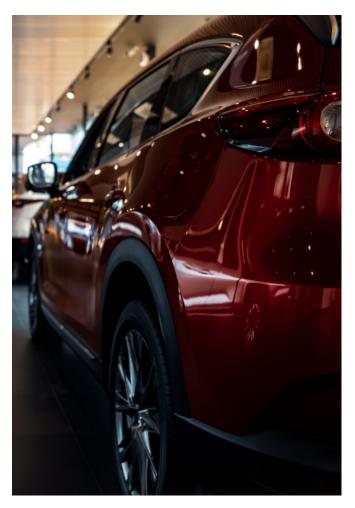
This ensures the benchmarks are always tied to actual performance levels that are achievable in the prevailing market. We then review this raw data in light of industry trends and long-held best practices to derive a set of benchmarks.

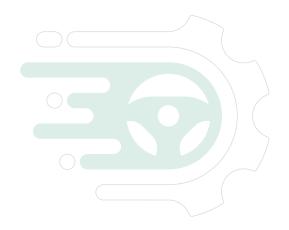
It's worth acknowledging new business models are emerging as the automotive market evolves. But with most dealers still operating under a traditional wholesale model, we've been careful to only use data relevant to that model in our workings.

The benchmarks are split into three market categories – Volume, Prestige and Luxury – to reflect the most common business models among dealers. While these models are intrinsically impacted by the brands dealers carry, the benchmarks are not a commentary on the positioning or esteem of those brands.

Previously, this booklet has included Customer Retention Management (CRM) guidelines. We are revising these guidelines to better reflect the current environment and aim to publish them separately.

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.





2024 Dealership Benchmarks



Contents



Volume market





Volume market benchmarks

Our dealership benchmarks help dealers assess their performance against a hypothetical, high-performing business running a similar operation.

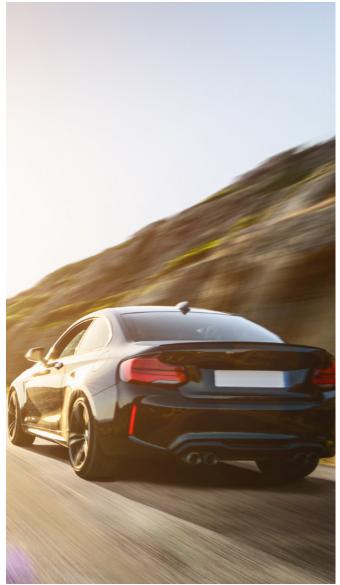
Volume dealers tend to focus more on volume than margin.

For the average dealer in this segment, 2023 was marked by a market uplift as stronger new car margins offset the impact of declining returns from used cars and F&I. Service profitability also improved, while the contribution from parts remained flat. Dealers were also able to manage rising overheads, contributing to increased profitability in the segment.

It's worth noting the more profit depends on new vehicles, the more volatile it will be as volumes fluctuate.

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





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 ProfitFocus database, which features more than 1800 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	6.5 - 6.9%
Days to dealership breakeven*	18

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

Dealership structure	Orientation	GP %
New	52%	11-13%
Used	11%	9-11%
Parts	11%	23-26%
Service	26%	69-71%
	100%	14-16%
Front end (vehicle operations)	63%	
Back end (fixed operations)	37%	
Finance and insurance income	8% of total gross	
Other income and incentives	6% of total gross	

Orientation = Where does the gross come from? GP % = How strong are my 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 slight front-end bias to their operations.

People	
Gross per employee per month	\$34,020
Net profit per employee per month	\$7,109

Vehicle operations

Product	New	Used
Gross profit per unit*	\$5,600-\$5,900	\$3,000-\$3,400
Used/new ratio (retail)	n/a	0.4
Days supply	45-55	75-85
Stock turns p.a.	8-9	4-5
Gross ROI**	103%	54%

* 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	14	14
Gross profit per salesperson per month	\$76,585	\$43,254

Finance and insurance (F&I)

F&l product	New	Used
Finance penetration	29-33%	26-30%
Finance income per contract	\$3,100-\$3,300	\$2,400-\$2,600
Finance per retail unit sold	\$988	\$779
Insurance per retail unit sold	\$77	\$101
F&I selling gross per vehicle retailed		\$850
People		
Vehicles retailed per F&I staff per month		33-39
Salaries and commissions as a % of income		24%
F&I income per dept employee per month		\$33,700

Fixed operations

Parts department	Sales mix %	GP %
Retail/counter	6%	28%
Wholesale/trade	16%	21%
Workshop	30%	34%
Warranty	18%	11%
Internal	30%	18%
Total	100%	23-26%

Operational benchmarks

Days supply	45-55
Stock turns p.a.	7-8
Monthly sales per employee	\$92,300
Monthly gross per employee	\$20,400
\$ sales per \$ salary	\$28.90

Service department	Sales mix %	GP %
Labour		
Retail	56%	79%
Warranty	13%	67%
Internal	31%	76%
Total labour sales	100%	75%
Sublet sales		6%
Total gross profit (% sales)		69-71%
Operational benchmarks		
Performance index (productivity x efficiency)		95-105%
Monthly labour sales per technician		\$25,000
Monthly labour gross per technician		\$18,800
Parts/labour ratio		0.67
Ratio of chargeable to non-chargeable		1.0-1.4
Parts and service absorption		55-59%
Retention—relative service size**		\$1,553

**Labour sales per new retail unit sold per month

Department profitability

		New		Used
Vehicle operations	% Gross	\$/Unit	% Gross	\$/Unit
Gross profit*	100%	5,600-5,900	100%	3,000-3,400
Sales staff salaries and comms	9.4%	606	14.7%	470
Manager salaries and comms	3.9%	250	6.5%	207
Aftermarket salaries and comms	0.6%	39	0.9%	29
Other salaries	1.9%	119	3.8%	122
Pre-delivery costs	3.2%	204	_	_
Free service/policy	0.7%	46	_	_
Used warranty	-	_	0.7%	23
Advertising	1.7%	110	7.1%	226
Training	0.1%	9	0.1%	2
Floorplan	6.4%	413	5.6%	180
Demonstrator expenses	1.5%	95	2.5%	81
Selling gross profit	71%	\$4,063	58.1%	\$1,859
Selling gross profit per salesperson		\$54,286		\$25,700
Selling gross profit per employee		\$28,250		\$9,800

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

Fixed operations	Parts % gross	Service % gross
Salaries (non-chargeable)	14.6%	18.7%
Advertising and promotion	0.3%	0.7%
Training	0.1%	1.1%
Policy/freight	0.9%	1.5%
Tools and supplies	0.2%	0.8%
Equipment and vehicle maintenance	0.8%	2.6%
Sick/holiday—technicians	_	3.9%
Selling gross profit	83.0%	70.8%
Selling gross profit per technician	-	\$15,400
Selling gross profit per employee	\$17,000	\$8,450

Dealership overheads

	% Gross
Administration and salaries	5.2%
Training	0.1%
FBT (net of contributions)	0.3%
Payroll tax	1.8%
Superannuation	3.6%
Long service leave	0.3%
Rent (or mortgage interest)	7.2%
Rates and taxes	0.8%
Property maintenance/outside services	2.0%
Telephone	0.3%
Insurance (including workers compensation)	2.3%
Office supplies/stationery	0.4%
Professional fees	0.6%
Data processing	1.4%
Bank charges and taxes	0.4%
Interest (overdraft/working capital)	0.5%
Bad debts	0.2%
Depreciation	0.2%
Electricity	0.5%
Travel and entertainment	0.2%
Management fees	1.0%
Miscellaneous	3.1%
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.

Prestige market





Prestige market benchmarks

Our dealership benchmarks help dealers assess their performance against a hypothetical, high-performing business running a similar operation.

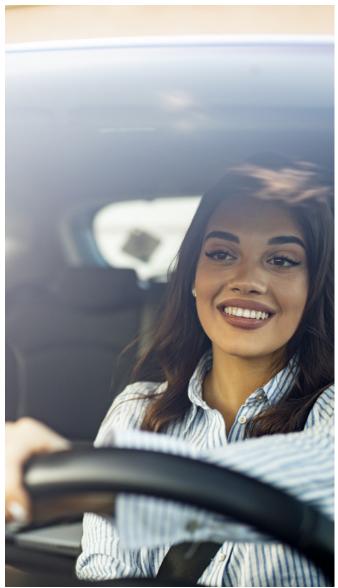
Prestige dealers tend to focus on balancing volume and margin.

In 2023, dealers in this segment saw increased supply put downward pressure on new and used vehicle margins. Fixed operations improved and dealers maintained a steady cost base, but a lower return in F&I, coupled with lower front-end gross, saw profitability retreat on 2022 levels.

It's worth noting the more profit depends on new vehicles, the more volatile it will be as volumes fluctuate.

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





About these benchmarks

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Total dealership

Trading summary	
Net profit as % of sales	5.5 - 5.7%
Days to dealership breakeven*	21

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

Dealership structure	Orientation	GP %
New	49%	10-12%
Used	11%	9-11%
Parts	12%	23-26%
Service	28%	70-72%
	100%	14-16%

Front end (vehicle operations)	60%
Back end (fixed operations)	40%
Finance and insurance income	6% of total gross
Other income and incentives	2% of total gross

Orientation = Where does the gross come from? GP% = How strong are my 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 slight front-end bias to their operations.

People	
Gross per employee per month	\$26,051
Net profit per employee per month	\$5,960

Vehicle operations

Product	New	Used
Gross profit per unit*	\$5,700-\$6,100	\$3,100-\$3,500
Used/new ratio (retail)	n/a	0.3
Days supply	55-60	70-80
Stock turns p.a.	6-7	4-5
Gross ROI**	79%	49%

* 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	13	13
Gross profit per salesperson per month	\$84,431	\$41,749

Finance and insurance (F&I)

F&I product	New	Used
Finance penetration	29-33%	23-27%
Finance income per contract	\$2,500-\$2,700	\$2,500-\$2700
Finance per retail unit sold	\$773	\$630
Insurance per retail unit sold	\$80	\$73
F&I selling gross per vehicle retailed		\$690
People		
Vehicles retailed per F&I staff per month		42-47
Salaries and commissions as a % of income		26%
F&I income per dept employee per month		\$41,700

Fixed operations

Parts department	Sales mix %	GP %
Retail/counter	5%	27%
Wholesale/trade	20%	18%
Workshop	38%	35%
Warranty	17%	10%
Internal	20%	21%
Total	100%	23-26%

Operational benchmarks

Days supply	55-65
Stock turns p.a.	6-7
Monthly sales per employee	\$130,400
Monthly gross per employee	\$30,800
\$ sales per \$ salary	\$26

Service department	Sales mix %	GP %
Labour		
Retail	70%	83%
Warranty	10%	64%
Internal	20%	78%
Total labour sales	100%	79%
Sublet sales		17%
Total gross profit (% sales)		70-72%
Operational benchmarks		
Performance index (productivity x efficiency)		95-105%
Monthly labour sales per technician		\$23,000
Monthly labour gross per technician		\$18,100
Parts/labour ratio		0.87
Ratio of chargeable to non-chargeable		1.3-1.6
Parts and service absorption		55-59%
Retention—relative service size**		

**Labour sales per new retail unit sold per month

Department profitability

		New	L	Jsed
Vehicle operations	% Gross	\$/Unit	% Gross	\$/Unit
Gross profit*	100%	5,700-6,100	100%	3,100-3,500
Sales staff salaries and comms	11.2%	666	15.4%	495
Manager salaries and comms	5.2%	308	6.2%	198
Aftermarket salaries and comms	1.1%	66	0.6%	19
Other salaries	1.4%	81	1.6%	52
Pre-delivery costs	6.2%	367	_	_
Free service/policy	0.3%	15	_	_
Used warranty	_	_	2.5%	80
Advertising	3.0%	179	6.1%	198
Training	0.1%	5	0.0%	1
Floorplan	8.1%	482	3.8%	124
Demonstrator expenses	1.5%	90	1.4%	44
Selling gross profit	61.8%	\$3,663	62.4%	\$2,011
Selling gross profit per salesperson		\$57,854		\$28,300
Selling gross profit per employee		\$29,850		\$15,400

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

Fixed operations	Parts % gross	Service % gross
Salaries (non-chargeable)	14.6%	22.0%
Advertising and promotion	0.2%	0.6%
Training	0.1%	1.1%
Policy/freight	1.0%	1.5%
Tools and supplies	0.2%	0.8%
Equipment and vehicle maintenance	0.8%	2.5%
Sick/holiday—technicians	_	3.7%
Selling gross profit	83.1%	67.9%
Selling gross profit per technician	_	\$14,000
Selling gross profit per employee	\$25,600	\$8,300

Dealership overheads

	% Gross
Administration and salaries	4.4%
Training	0.1%
FBT (net of contributions)	0.4%
Payroll tax	2.0%
Superannuation	3.9%
Long service leave	0.1%
Rent (or mortgage interest)	11.1%
Rates and taxes	1.6%
Property maintenance/outside services	2.8%
Telephone	0.3%
Insurance (including workers compensation)	2.2%
Office supplies/stationery	0.3%
Professional fees	0.4%
Data processing	1.4%
Bank charges and taxes	0.6%
Interest (overdraft/working capital)	0.3%
Bad debts	0.2%
Depreciation	1.5%
Electricity	0.8%
Travel and entertainment	0.3%
Management fees	1.2%
Miscellaneous	1.8%
Total fixed expenses	38%

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.

Luxury market





Luxury market benchmarks

Our dealership benchmarks help dealers assess their performance against a hypothetical, high-performing business running a similar operation.

Luxury dealers tend to focus more on margin than volume.

New vehicle margins in this segment strengthened across 2023 while used vehicle margins softened. The average dealer also saw growth in parts and service, but this wasn't enough to offset rising overheads. Overall, profitability fell for the Luxury market compared to 2022.

It's worth noting the more profit depends on new vehicles, the more volatile it will be as volumes fluctuate.

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





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Total dealership

Trading summary	
Net profit as % of sales	5.5-6.1%
Days to dealership breakeven*	22

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

Orientation	GP %
49%	13-15%
9%	8-10%
14%	24-27%
28%	70-72%
100%	15-17%
-	49% 9% 14% 28%

Front end (vehicle operations)	58%	
Back end (fixed operations)	42%	
Finance and insurance income	8% of total gross	
Other income and incentives	6% of total gross	

Orientation = Where does the gross come from? GP% = How strong are my 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 slight front-end bias to their operations.

People	
Gross per employee per month	\$21,576
Net profit per employee per month	\$6,770

Vehicle operations

Product	New	Used
Gross profit per unit*	\$8,500-\$9,000	\$4,100-\$4,500
Used/new ratio (retail)	n/a	0.5
Days supply	60-70	55-65
Stock turns p.a.	7-8	6-7
Gross ROI**	90%	52%

* 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	11	12
Gross profit per salesperson per month	\$101,705	\$52,627

Finance and insurance (F&I)

F&I product	New	Used
Finance penetration	32-36%	24-28%
Finance income per contract	\$2,500-\$2,700	\$2,400-\$2,600
Finance per retail unit sold	\$935	\$541
Insurance per retail unit sold	\$211	\$121
F&I selling gross per vehicle retailed		\$1,080
People		
Vehicles retailed per F&I staff per month		40-45
Salaries and commissions as a % of income		24%
F&I income per dept employee per month		\$56,200

Fixed operations

Parts department	Sales mix %	GP %
Retail/counter	6%	25%
Wholesale/trade	17%	14%
Workshop	44%	32%
Warranty	22%	13%
Internal	10%	22%
Total	100%	24-27%

Operational benchmarks

Days supply	65-75
Stock turns p.a.	5-6
Monthly sales per employee	\$169,600
Monthly gross per employee	\$39,500
\$ sales per \$ salary	\$32

Service department	Sales mix %	GP %
Labour		
Retail	64%	83%
Warranty	13%	69%
Internal	22%	82%
Total labour sales	100%	79%
Sublet sales		14%
Total gross profit (% sales)		70-72%
Operational benchmarks		
Performance index (productivity x efficiency)		90-100%
Monthly labour sales per technician		\$27,000
Monthly labour gross per technician		\$21,400
Parts/labour ratio		\$0.94
Ratio of chargeable to non-chargeable		1.0-1.4
Parts and service absorption		57-61%
Retention—relative service size**		\$3,990

**Labour sales per new retail unit sold per month

Department profitability

	New		Used	
Vehicle operations	% Gross	\$/Unit	% Gross	\$/Unit
Gross profit*	100%	8,500-9,000	100%	4,100-4,500
Sales staff salaries and comms	10.3%	895	15.3%	671
Manager salaries and comms	4.0%	348	10.4%	458
Aftermarket salaries and comms	1.1%	92	0.9%	39
Other salaries	2.3%	202	2.6%	115
Pre-delivery costs	7.0%	606	_	_
Free service/policy	0.1%	7	_	_
Used warranty	_	_	0.8%	36
Advertising	3.9%	342	5.7%	251
Training	0.3%	27	0.1%	4
Floorplan	6.5%	565	5.9%	259
Demonstrator expenses	1.6%	141	0.9%	38
Selling gross	62.9%	\$5,475	57.4%	\$2,526
Selling gross profit per salesperson		\$64,107		\$34,700
Selling gross profit per employee		\$31,900		\$20,200

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

Fixed operations	Parts % gross	Service % gross
Salaries (non-chargeable)	15.2%	24.9%
Advertising and promotion	0.2%	0.5%
Training	0.3%	1.3%
Policy/freight	0.5%	1.9%
Tools and supplies	0.1%	1.1%
Equipment and vehicle maintenance	0.5%	4.1%
Sick/holiday—technicians	_	5.0%
Selling gross profit	82.5%	61.3%
Selling gross profit per technician		\$15,700
Selling gross profit per employee	\$32,600	\$8,700

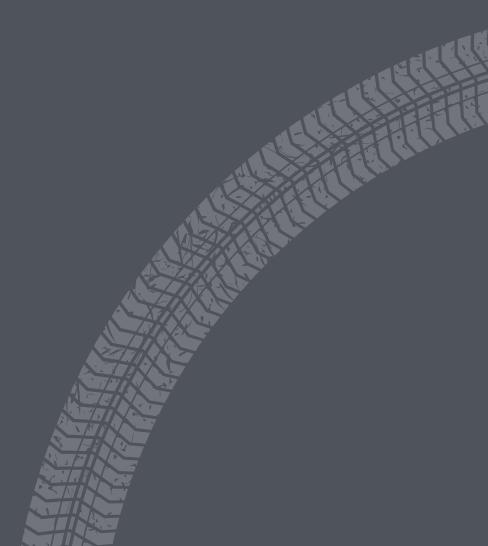
Dealership overheads

	% Gross
Administration and salaries	5.3%
Training	0.1%
FBT (net of contributions)	0.5%
Payroll tax	2.2%
Superannuation	3.7%
Long service leave	0.2%
Rent (or mortgage interest)	11.7%
Rates and taxes	2.1%
Property maintenance/outside services	2.5%
Telephone	0.2%
Insurance (including workers compensation)	2.0%
Office supplies/stationery	0.4%
Professional fees	0.3%
Data processing	1.2%
Bank charges and taxes	1.4%
Interest (overdraft/working capital)	0.8%
Bad debts	0.1%
Depreciation	2.0%
Electricity	0.6%
Travel and entertainment	0.6%
Management fees	1.5%
Miscellaneous	2.6%
Total fixed expenses	42%

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.

Contact us





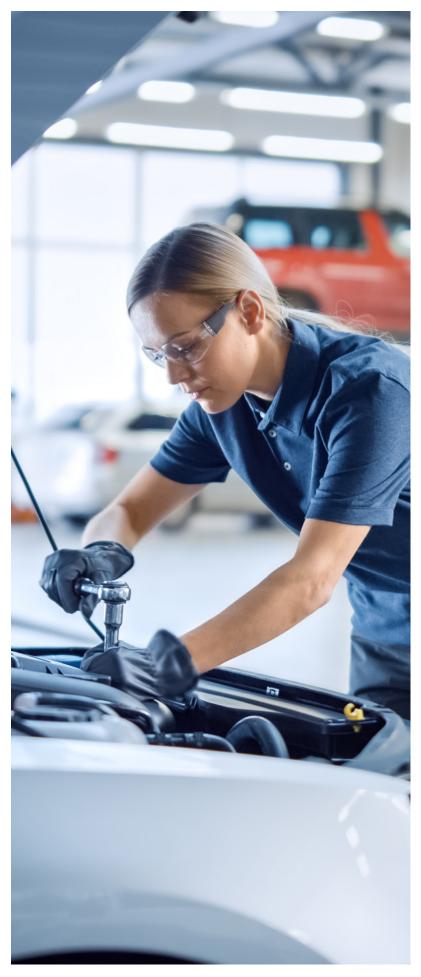


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