

Service, Parts, and Body Shop

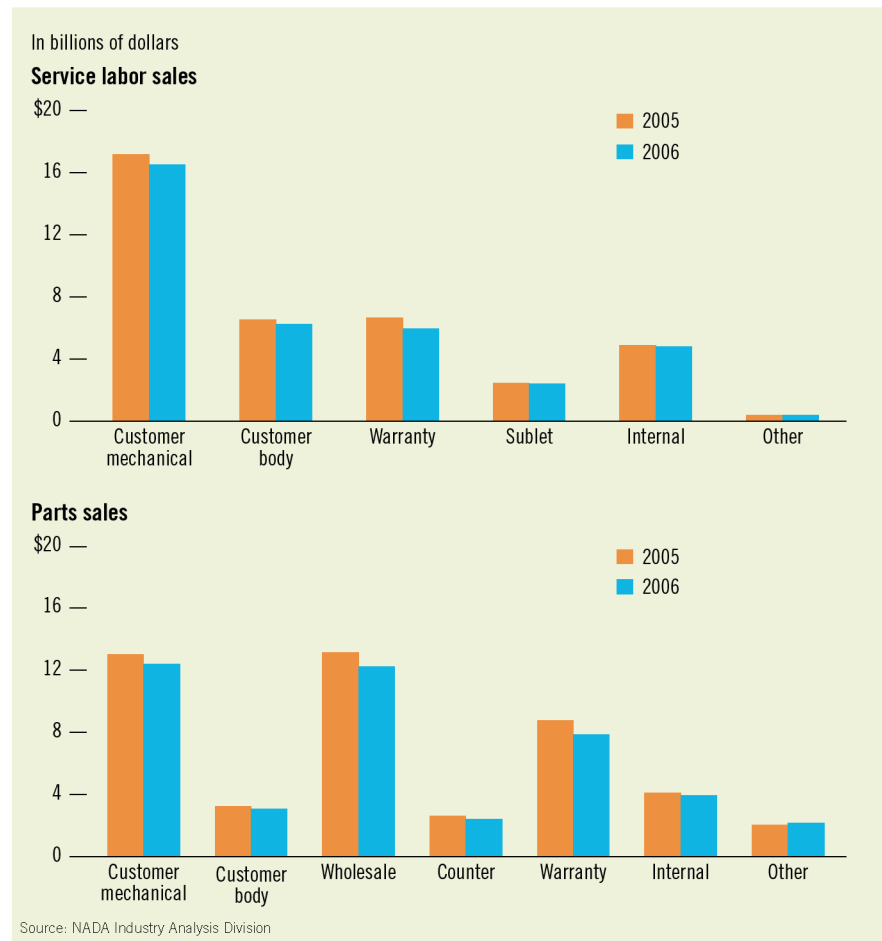
NATIONWIDE, franchised dealership total service and parts sales reached almost \$80.5 billion in 2006, down from \$85 billion in 2005. In recent years, increased competition from independent service stations and quick-lube centers has cut into dealerships' service work, but dealers continue to be competitive. Last year's service sales was powered by a strong light-vehicle market, a technological-ly advanced vehicle population, and more miles driven on average.

New-car dealers have made a major investment in service and parts to beef up sales and customer satisfaction. In 2006 dealers provided 388,140 service stalls, employed 254,700 technicians, and carried a parts inventory valued at \$5.8 billion.

To boost customer convenience and make full use of their facilities, 72 percent of dealers offer evening service hours, weekend hours, or both. The average dealership service department is open for business 55 hours per week.

In recent years, more dealerships have opted to remain out of the body shop business. In 2006 just 41 percent of new-car dealerships had body shops, a slight increase from 2005. Auto body work performed by new-car dealerships remained at just over \$9.3 billion last year.

Dealerships' total service and parts sales



Profile of dealerships' service and parts operations, 2006

	Average dealership	All dealers
Total service and parts sales	\$3,794,920	\$80.5 billion
Total gross profit as percent of service and parts sales	46.2%	
Total net profit as percent of service and parts sales	7.1%	
Total number of repair orders written	12,123	261 million
Total service and parts sales per customer repair order	\$208	
Total service and parts sales per warranty repair order	\$232	
Number of technicians (including body)	12	254,700
Number of service bays (excluding body)	18	388,140
Total parts inventory	\$275,151	\$5.8 billion
Average customer mechanical labor rate	83	

Source: NADA Industry Analysis Division

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Dealerships' total service and parts sales

In billions of dollars

	Amount	% change
1996	\$60.76	7.4%
1997	62.93	3.6
1998	63.56	1.0
1999	67.66	6.5
2000	73.83	9.1
2001	80.10	8.5
2002	83.11	3.8
2003	85.35	2.7
2004	85.48	0.2
2005	85.16	-0.4
2006	80.45	-5.5

Source: NADA Industry Analysis Division

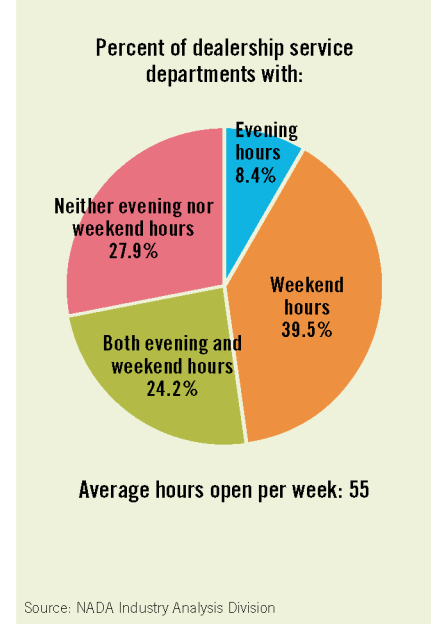
Dealerships' service and parts sales

In billions of dollars

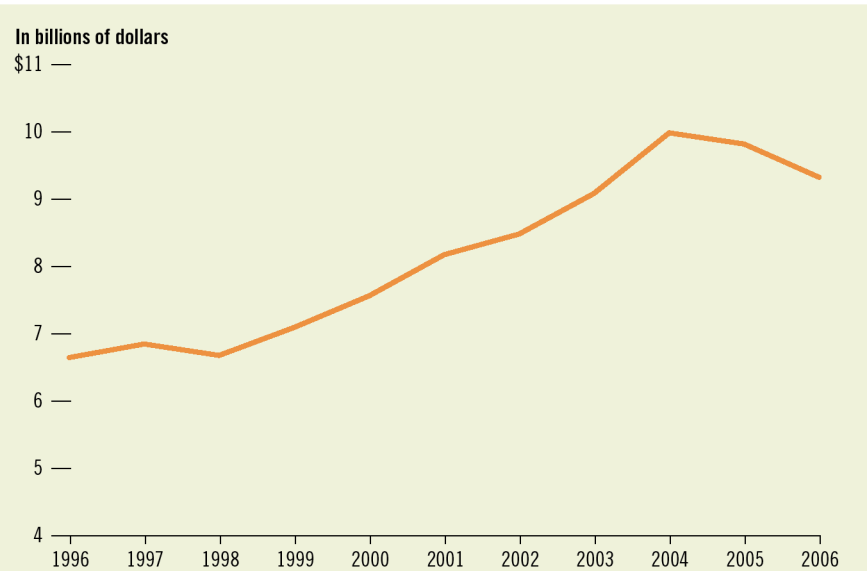
	2005	2006	% change
Service labor sales			
Customer mechanical	\$17.18	\$16.51	-3.9%
Customer body	6.56	6.26	-4.6
Warranty	6.67	5.99	-10.2
Sublet	2.49	2.41	-3.1
Internal	4.90	4.83	-1.4
Other	0.43	0.42	-1.9
Total service labor	\$38.23	\$36.42	-4.7%
Parts sales			
Customer mechanical	\$13.01	\$12.37	-4.9%
Customer body	3.25	3.05	-6.0
Wholesale	13.14	12.22	-7.0
Counter	2.62	2.43	-7.4
Warranty	8.77	7.84	-10.6
Internal	4.10	3.95	-3.7
Other	2.05	2.17	5.8
Total parts	\$46.93	\$44.03	-6.2%
Total service and parts	\$85.16	\$80.45	-5.5%

Source: NADA Industry Analysis Division

Service department hours of operation



Total dealership body shop sales



Dealerships operating on-site body shops

