



# 2003

NADA DATA

ECONOMIC  
IMPACT OF  
AMERICA'S  
NEW-CAR AND  
NEW-TRUCK  
DEALERS

**F**ranchised new-car and -truck dealers faced a challenging year in 2002, which ended with robust December sales of new light vehicles and solid financial results in all other departments despite the lackluster performance of the economy. The U.S. economy grew by 2.4 percent, sustaining a modest growth that began in late 2001. The unemployment rate started 2002 at 5.8 percent, grew slightly to 6.0 percent by December, then receded in first-quarter 2003. Consumer confidence measures fell because of concern about conflict in the Gulf, surging energy prices, and job security. The first three months of 2003 showed a March improvement in consumer confidence, but only modest real economic growth for the first quarter. Fortunately for consumers and dealers, the cost of borrowing continued to drop in 2002 as the Federal Reserve lowered short-term interest rates, and strong vehicle sales, buoyed by generous incentives such as 0 percent financing, kept inventories lean. New light-duty vehicle sales reached 16.8 million units, 1.8 percent below 2001's 17.1 million units, but far above Wall Street's expectations and on track to reach NADA's estimate. Given the essential role that new-car dealers play in the economy, it was encouraging that in 2002, with the economy still struggling and with rising unemployment, they were able to maintain strong light-vehicle sales and profits.

Total dealership dollar sales in 2002 reached \$679 billion, a 1 percent decrease from 2001. This enabled dealers to maintain their payroll; total dealership employment was 1,129,600, almost the same as last year. The total payroll in 2002 was nearly \$49 billion. Dealership expenditures, excluding cost of goods sold, reached \$77.7 billion in 2002. With many of these expenditures made locally, dealerships proved vital to the economic well-being of numerous communities. Franchised dealers were also major payers and generators of federal, state, and local tax revenue as well as principal contributors of both time and money to local and regional charities.

**Note:** *NADA's Industry Analysis Division (Paul Taylor, chief economist) prepares "NADA Data." For questions or reprints, call Charlotte Rich at 703.827.6871 or write to NADA Industry Analysis, 8400 Westpark Drive, McLean, VA 22102.*

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## About this special section

On the following pages, you will find the results of NADA's yearlong analysis of the U.S. auto industry, with particular emphasis on the retail side of the business.

The key segments covered are:

**Average Dealership Profile**

**NADA Optimism Index**

**New-Car Dealerships**

**Total Dealership Sales Dollars**

**The New-Vehicle Department**

**F&I, Service Contracts**

**The Used-Vehicle Department**

**Service, Parts, and Body Shop**

**Employment and Payroll**

**Vehicles in Operation and Scrappage**

**Advertising and the Dealership**

**Consumer Credit**

**New-Truck Dealerships**

**Dealership Financial Trends**

# NADA Data

## Average Dealership Profile

DESPITE ECONOMIC AND WAR WORRIES, the nation's franchised new-car and -truck dealers had a relatively strong year in 2002. Industry-wide revenue reached \$679.5 billion. With overall dealership revenue declining 1 percent, revenue growth was stronger in service and parts than in the other departments. New-vehicle department sales were consistent with last year; average transaction prices increased by 2 percent. And profitability levels were close to 2001's, as the typical dealership generated almost \$616,000 in yearly net pretax profit.

### Total Gross and Expense

Total dealership gross margin improved steadily from 1999 to 2002. After falling in 1999, it increased to 13.4 percent in 2002. Total expense, meanwhile, rose to 11.4 percent of sales as dealers faced rising costs. Faster turn rates with 0 percent financing and low interest rates decreased new-vehicle floor-plan expense, but advertising outlays rose by 14 percent and rent factors jumped by a sizable 5 percent.

Some major expenses for the average dealership in 2002:

Payroll	\$2,245,000
Advertising	\$344,000
Rent and equivalent	\$317,900

### Total Dealership Profits

In 2002 total dealership net profit before tax as percentage of sales was 1.9 percent, down from 2.0 percent in 2001. Dollar profits declined by just 0.5 percent. The new-vehicle department contributed nearly 35 percent to total operating profit at the average dealership, a big jump from 25 percent in 2001, soaring well above the average posted in the early to mid-1990s. Indeed, the new-vehicle department of the typical dealership had been little better than a break-even operation during most of the past decade. The used-vehicle department fell to 17 percent from 26 percent in 2001 because of a softer market. Service and parts were responsible for the remaining 48 percent.

### Average dealership profile

	1997	1998	1999	2000	2001	2002	% change 2001-2002
Total dealership sales	\$22,407,329	\$24,457,492	\$27,260,123	\$29,360,978	\$31,670,046	\$ 31,275,581	-1.2%
Total dealership gross	\$ 2,861,416	\$ 3,146,367	\$ 3,443,159	\$ 3,734,466	\$ 4,154,469	\$ 4,175,456	0.5%
As % of total sales	12.8%	12.9%	12.6%	12.7%	13.1%	13.4%	
Total dealership expense	\$ 2,554,435	\$ 2,730,818	\$ 2,944,441	\$ 3,278,542	\$ 3,535,496	\$ 3,576,246	1.2%
As % of total sales	11.4%	11.2%	10.8%	11.2%	11.2%	11.4%	
Net profit before taxes	\$ 306,980	\$ 415,549	\$ 498,719	\$ 455,924	\$ 618,974	\$ 615,673	-0.5%
As % of total sales	1.4%	1.7%	1.8%	1.6%	2.0%	1.9%	
Net pretax profit in constant 1982 dollars	\$ 184,571	\$ 246,015	\$ 288,874	\$ 255,498	\$ 337,272	\$ 339,027	0.5%
New-vehicle department sales	\$13,130,695	\$14,437,283	\$16,339,787	\$17,638,914	\$18,808,644	\$ 18,651,091	-0.8%
As % of total sales	58.6%	59.0%	59.9%	60.1%	59.4%	59.6%	
Used-vehicle department sales	\$ 6,498,125	\$ 7,182,718	\$ 7,879,371	\$ 8,388,678	\$ 9,187,234	\$ 8,942,973	-2.7%
As % of total sales	29.0%	29.4%	28.9%	28.6%	29.0%	28.6%	
Service and parts sales	\$ 2,778,509	\$ 2,837,492	\$ 3,040,965	\$ 3,333,386	\$ 3,674,168	\$ 3,681,518	0.2%
As % of total sales	12.4%	11.6%	11.2%	11.4%	11.6%	11.8%	
New-vehicle average selling price	\$ 22,650	\$ 23,600	\$ 24,445	\$ 24,923	\$ 25,797	\$ 26,163	1.4%
Used-vehicle average selling price	\$ 12,100	\$ 12,500	\$ 13,236	\$ 13,648	\$ 13,930	\$ 13,840	-0.6%
Average net worth (as of 12/31)	\$ 1,389,052	\$ 1,539,070	\$ 1,702,112	\$ 1,876,231	\$ 2,016,200	\$ 2,230,699	10.6%
Net profit as % of net worth	22.1%	27.0%	29.3%	24.3%	30.7%	27.6%	

Source: NADA Industry Analysis Division

THE YEAR ENDED WITH THE DEALER OPTIMISM INDEX at 120—well above 2001, when a faltering economy and the tragic events of September 11 discouraged dealers. The index rose again in 2002, but fell back to 133 by March 2003. In 2002 consumer confidence remained higher than the decade-low 47.3 in February 1992 during the 1990–92 recession. The Consumer Confidence Index declined sharply in February 2003, the third consecutive monthly drop, reflecting consumer concern about employment, financial markets, rising energy costs, and war and terrorism. In fact, it fell to 64; the last time it was lower was in October 1993, when it hit 60.5. Although NADA's optimism index remains below the peak of 164 at the start of 1999, and an all-time sales record was set, dealer confidence levels suggest that a reasonably robust sales year is ahead for 2003.

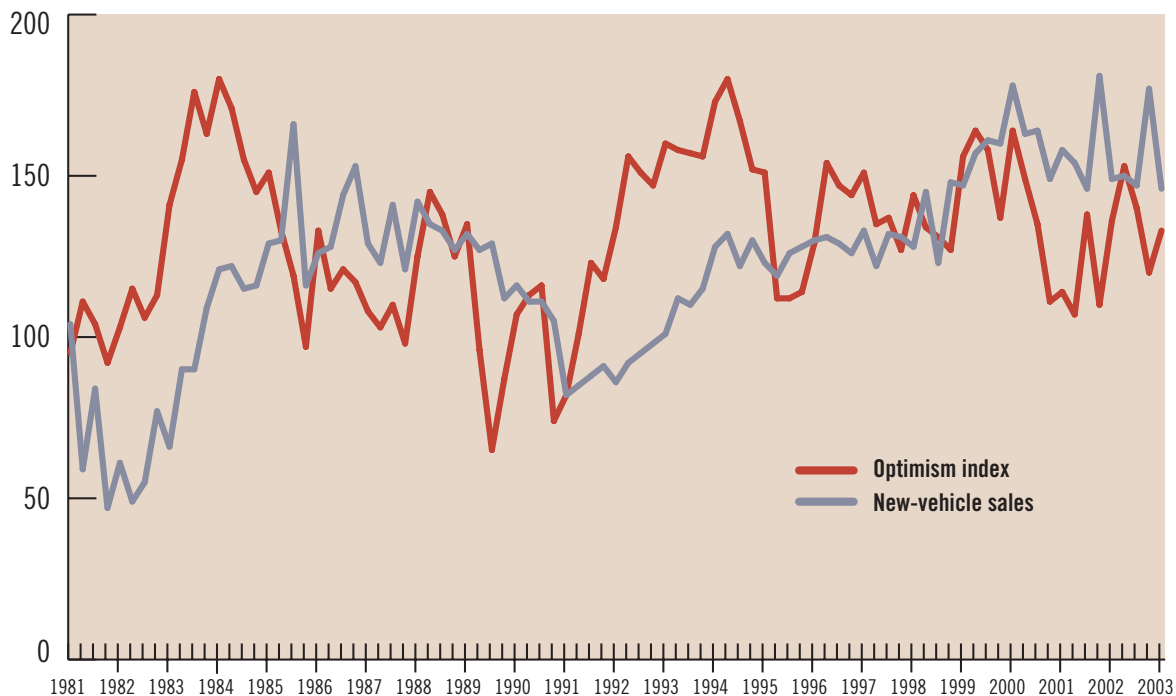
## Expectations for dealership profits

Percent of dealers expecting profits to:

	Increase	Not change	Decline	Index value
April 1990	33.3%	46.2%	20.5%	113
April 1991	34.0	36.6	29.4	101
April 1992	55.5	36.8	7.7	156
April 1993	54.8	38.8	6.5	158
April 1994	67.8	29.1	3.1	180
April 1995	32.2	46.1	21.6	112
April 1996	54.1	35.0	11.0	154
April 1997	42.4	44.0	13.6	135
April 1998	41.9	43.3	14.8	134
April 1999	56.5	37.8	5.7	164
April 2000	49.0	39.9	11.1	149
April 2001	31.5	40.7	27.8	107
March 2002	53.2	36.7	10.1	153
March 2003	13.5	46.2	40.2	133

Source: NADA Industry Analysis Division

## Optimism index vs. new-vehicle sales

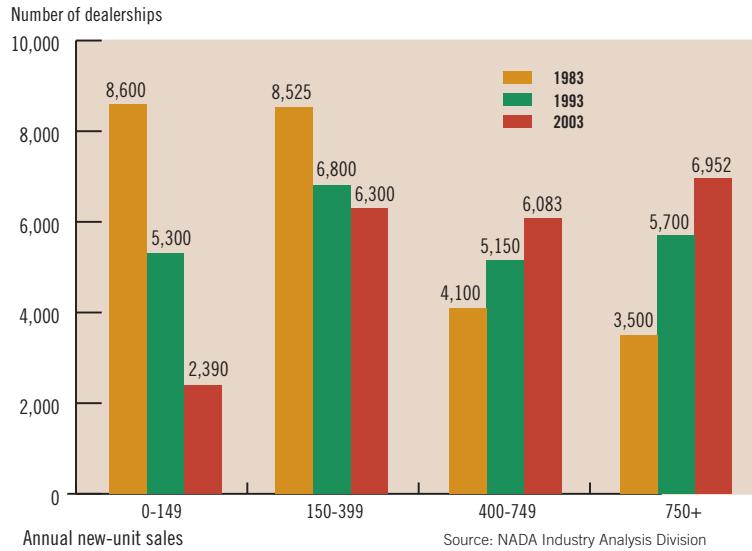


Source: NADA Industry Analysis Division

MODERATE CONSOLIDATION in the number of franchised dealerships continued in 2002. Acquisitions by large dealer groups, manufacturers' efforts to reduce or freeze the number of dealership points, Oldsmobile buyouts, and sagging economies in many areas were responsible for much of last year's decline in the number of new-car dealerships. The net dealership count fell by 75 last year. Still, it was better than 2001's falloff of 350. (In the recession of 1990-92, net dealership decline averaged 600 per year.)

The bar graph at right shows how, over the past 20 years, the loss of dealerships has been concentrated in the smaller-volume categories. In 1983 there were 8,600 dealerships with sales levels of less than 150 new vehicles per year. Today, there are only 2,390 such stores. In contrast, 6,952 dealerships now sell more than 750 new units per year; in 1983 only 3,500 dealerships of that size existed.

## Number of dealerships, by volume of new-unit sales



## New-car dealerships

As of January 1

1982	25,700
1983	24,725
1984	24,725
1985	24,725
1986	24,825
1987	25,150
1988	25,025
1989	25,000
1990	24,825
1991	24,200
1992	23,500
1993	22,950
1994	22,850
1995	22,800
1996	22,750
1997	22,700
1998	22,600
1999	22,400
2000	22,250
2001	22,150
2002	21,800
2003	21,725

Source: NADA Industry Analysis Division

## New-car dealerships, by state

As of January 1

Alabama	355	Montana	132
Alaska	45	Nebraska	226
Arizona	232	Nevada	109
Arkansas	269	New Hampshire	173
California	1,650	New Jersey	632
Colorado	270	New Mexico	134
Connecticut	345	New York	1,238
Delaware	65	North Carolina	690
D.C.	4	North Dakota	106
Florida	971	Ohio	1,006
Georgia	620	Oklahoma	308
Hawaii	60	Oregon	279
Idaho	129	Pennsylvania	1,245
Illinois	1,048	Rhode Island	70
Indiana	562	South Carolina	319
Iowa	416	South Dakota	127
Kansas	287	Tennessee	426
Kentucky	324	Texas	1,359
Louisiana	342	Utah	147
Maine	153	Vermont	99
Maryland	379	Virginia	543
Massachusetts	511	Washington	382
Michigan	799	West Virginia	183
Minnesota	482	Wisconsin	643
Mississippi	248	Wyoming	70
Missouri	513	<b>Total U.S.</b>	<b>21,725</b>

Source: NADA Industry Analysis Division

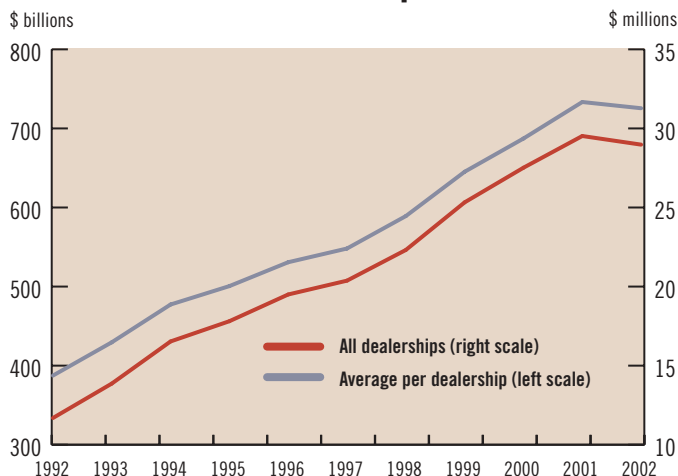
# NADA Data

## Total Dealership Sales Dollars

AFTER RISING 6 percent in 2001, total dollar sales of all franchised new-car dealerships dropped by 1 percent in 2002, to \$679 billion. Though new-vehicle revenues and fixed-operations revenues remained almost the same as in 2001, sales in the used-car department dropped, contributing far less to total dealership revenues.

Average dealership sales varied significantly among the states. Eleven states had average dealership sales of less than \$20 million; 16 states had average dealership sales exceeding \$30 million.

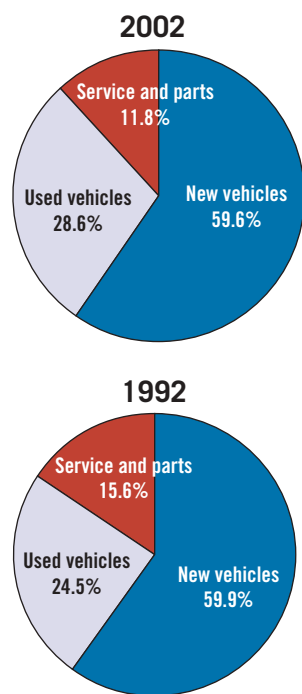
### Total sales of new-car dealerships



Source: U.S. Department of Commerce; NADA Industry Analysis Division

### Share of total dealership sales dollars

By department



Source: NADA Industry Analysis Division

### 2002 total sales, by state

State	All dealerships (\$ millions)	Average per dealership (\$ thousands)	State	All dealerships (\$ millions)	Average per dealership (\$ thousands)
Alabama	\$ 9,327	\$26,273	Montana	\$ 1,871	\$14,173
Alaska	1,210	26,890	Nebraska	3,900	17,257
Arizona	15,374	66,268	Nevada	5,278	48,422
Arkansas	5,368	19,956	New Hampshire	3,658	21,144
California	83,425	50,561	New Jersey	24,459	38,701
Colorado	12,036	44,577	New Mexico	3,691	27,546
Connecticut	8,567	24,833	New York	32,559	26,300
Delaware	1,816	27,946	North Carolina	17,566	25,457
D.C.	229	57,394	North Dakota	1,687	15,919
Florida	48,488	49,936	Ohio	26,035	25,880
Georgia	21,825	35,201	Oklahoma	8,361	27,145
Hawaii	2,310	38,506	Oregon	7,219	25,875
Idaho	3,004	23,285	Pennsylvania	28,427	22,833
Illinois	28,113	26,825	Rhode Island	2,023	28,895
Indiana	15,353	27,319	South Carolina	7,433	23,300
Iowa	6,442	15,485	South Dakota	1,857	14,621
Kansas	5,871	20,455	Tennessee	12,909	30,303
Kentucky	7,147	22,059	Texas	59,265	43,610
Louisiana	9,721	28,425	Utah	4,666	31,738
Maine	2,665	17,420	Vermont	1,472	14,867
Maryland	14,008	36,960	Virginia	16,912	31,146
Massachusetts	15,221	29,788	Washington	11,970	31,335
Michigan	29,288	36,656	West Virginia	3,558	19,440
Minnesota	12,857	26,675	Wisconsin	12,907	20,073
Mississippi	4,879	19,673	Wyoming	1,128	16,113
Missouri	14,107	27,499	<b>Total U.S.</b>	<b>\$679,462</b>	<b>\$31,276</b>

Source: NADA Industry Analysis Division

## Relationship of new-car dealerships to total retail trade in 2002, by state

State	Number of dealerships as % of total retail establishments in the state	Dealership sales as % of total retail sales in the state	Dealership payroll as % of total retail payroll in the state	Dealership employees as % of total retail employment in the state
Alabama	1.4%	21.0%	9.9%	4.6%
Alaska	1.3	15.2	9.1	4.8
Arizona	1.4	22.4	11.6	5.5
Arkansas	1.9	21.7	8.6	4.2
California	1.6	20.8	10.5	5.0
Colorado	1.2	21.0	10.4	4.5
Connecticut	2.2	20.8	10.4	5.4
Delaware	1.7	21.9	11.5	5.4
D.C.	0.2	3.1	1.0	0.4
Florida	1.7	24.1	11.1	5.1
Georgia	1.6	22.6	10.3	4.8
Hawaii	1.0	13.0	7.8	3.5
Idaho	1.9	21.5	10.0	5.0
Illinois	2.5	22.9	10.6	5.0
Indiana	1.8	21.2	9.7	4.4
Iowa	2.6	21.8	10.8	5.1
Kansas	2.3	22.6	10.1	4.8
Kentucky	2.0	19.9	9.1	4.3
Louisiana	1.5	22.3	11.0	4.8
Maine	1.7	18.4	8.8	4.6
Maryland	1.8	22.3	10.8	5.4
Massachusetts	1.7	20.2	8.8	4.2
Michigan	1.9	26.0	11.8	4.9
Minnesota	1.8	21.9	9.1	4.5
Mississippi	1.7	21.1	9.9	4.4
Missouri	1.7	22.2	10.8	4.7
Montana	2.0	20.1	9.2	4.5
Nebraska	2.9	19.6	10.0	4.6
Nevada	1.3	19.9	10.9	4.9
New Hampshire	2.2	21.6	11.2	5.5
New Jersey	1.8	22.7	10.1	4.9
New Mexico	1.8	20.3	10.6	4.9
New York	1.4	18.2	7.8	3.9
North Carolina	1.7	22.5	10.4	4.8
North Dakota	2.3	23.2	11.3	5.6
Ohio	1.9	23.3	9.5	4.6
Oklahoma	2.2	24.2	10.9	5.0
Oregon	1.6	21.0	10.2	5.0
Pennsylvania	2.2	21.7	10.4	5.3
Rhode Island	1.6	19.3	8.4	3.8
South Carolina	2.0	20.5	9.2	4.3
South Dakota	2.5	13.5	11.2	5.1
Tennessee	2.3	23.0	10.6	4.9
Texas	1.6	23.1	11.3	5.1
Utah	1.7	20.8	8.7	4.2
Vermont	2.4	20.7	10.2	5.3
Virginia	1.8	20.2	10.8	5.0
Washington	1.6	18.0	9.1	4.6
West Virginia	2.3	21.3	10.2	5.2
Wisconsin	2.1	22.0	9.9	5.0
Wyoming	2.0	20.4	10.3	4.9
<b>Total U.S.</b>	<b>1.8%</b>	<b>21.7%</b>	<b>10.2%</b>	<b>4.8%</b>

Source: NADA Industry Analysis Division

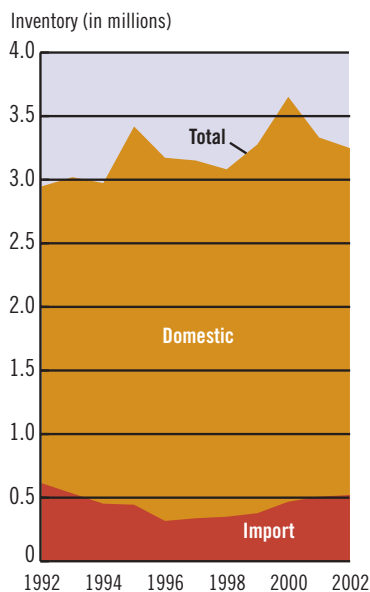
NEW-VEHICLE SALES—16.8 million units in 2002—were down by 1.8 percent from 2001. On a seasonally adjusted annual rate (SAAR) basis, sales volume was at or above 16.3 million units during the first nine months (except May), sagged in October after a cut-back in manufacturer incentives, then recovered in December to a record 18.6 million units after a reinvigorated incentives campaign. Total automaker inventory fell by 2.5 percent to an average of 3.2 million units in 2002. Days' supply of domestic vehicles fell to 63 and days' supply of fast-selling imported vehicles fell to 49.

As shown on the next page, the popularity of vans, pickups, and, in particular, crossover vehicles helped increase light-duty-truck sales for the 10th consecutive year to an all-time-high 8.7 million units. Light trucks outsold cars, and boosted their market share to 52 percent in 2002.

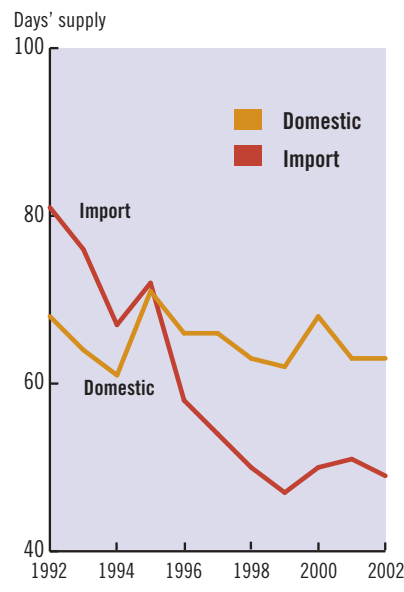
The average selling price of a new vehicle, including accessories and options, increased by 1.4 percent in 2002 (next page, upper right), after rising by 3.6 percent in 2001.

New-vehicle sales by manufacturer (bottom of the next page) show DaimlerChrysler lost half a percentage point and Ford about two points of market share in 2002 while GM fell by less than a quarter of a point. Three of the major Japanese brands—Toyota, Honda, and Nissan—as well as Suzuki, again saw their market shares rise. Major European brands enjoyed improved or unchanged market shares.

## New-vehicle inventories and days' supply



Source: NADA Industry Analysis Division



Source: NADA Industry Analysis Division

## New-vehicle sales, by month

	2002 actual	2002 SAAR* (in millions)	2001 actual	2001 SAAR* (in millions)	% change 2001–2002
January	1,108,700	16.3	1,168,900	16.9	-5.2%
February	1,307,400	16.9	1,353,400	17.2	-3.4
March	1,514,100	16.9	1,594,300	16.8	-5.0
April	1,442,400	17.6	1,346,800	16.6	7.1
May	1,505,300	16.0	1,600,000	16.4	-5.9
June	1,536,000	16.6	1,619,200	17.2	-5.1
July	1,524,100	18.5	1,346,600	16.4	13.2
August	1,709,900	19.0	1,448,600	16.3	18.0
September	1,223,900	16.7	1,287,800	15.8	-5.0
October	1,301,000	15.8	1,721,800	21.3	-24.4
November	1,202,700	16.3	1,324,400	17.9	-9.2
December	1,442,000	18.6	1,310,100	16.4	10.1
<b>Full year</b>	<b>16,817,500</b>	<b>16.8</b>	<b>17,121,900</b>	<b>17.1</b>	<b>-1.8%</b>

\*Seasonally adjusted annual rate  
Source: NADA Industry Analysis Division

The average selling price of a new vehicle increased by 1.4 percent in 2002, after rising by 3.6 percent in 2001.

### New light-duty vehicle sales, by year

Year	New cars	Light-duty trucks	Total light-duty vehicles	Light-duty trucks as % of total
1992	8,213,100	4,647,400	12,860,500	36.1%
1993	8,517,900	5,378,100	13,896,000	38.7
1994	8,990,500	6,068,100	15,058,600	40.3
1995	8,635,000	6,093,100	14,728,100	41.4
1996	8,526,800	6,570,400	15,097,200	43.5
1997	8,272,100	6,858,100	15,130,200	45.3
1998	8,137,400	7,404,500	15,541,900	47.6
1999	8,698,600	8,197,200	16,895,800	48.5
2000	8,846,900	8,502,800	17,349,700	49.0
2001	8,422,600	8,699,300	17,121,900	50.8
2002	8,103,200	8,714,300	16,817,500	51.8
<b>Average 1992–2002</b>	<b>8,487,645</b>	<b>7,012,118</b>	<b>15,499,764</b>	<b>45.2%</b>

Source: NADA Industry Analysis Division

### Number of new vehicles sold and selling price

Year	New vehicles sold per dealership	Average retail selling price
1992	555	\$17,100
1993	608	18,200
1994	661	19,200
1995	648	20,450
1996	664	21,900
1997	668	22,650
1998	694	23,600
1999	759	24,450
2000	783	24,900
2001	785	25,800
2002	774	26,150

Source: NADA Industry Analysis Division

### New-vehicle sales and market share, by manufacturer

Year	DaimlerChrysler	Ford	General Motors	Toyota	Honda	Nissan	Volkswagen	Other imports	Total
1992	1,713,000 13.32%	3,192,500 24.82%	4,397,500 34.19%	1,023,600 7.96%	768,800 5.98%	585,500 4.55%	90,600 0.70%	1,089,000 8.47%	12,860,600
1993	2,047,800 14.74%	3,562,400 25.64%	4,667,000 33.59%	1,033,200 7.44%	717,400 5.16%	687,700 4.95%	62,100 0.45%	1,118,400 8.05%	13,896,000
1994	2,204,000 14.64%	3,818,100 25.35%	5,015,900 33.31%	1,088,100 7.23%	788,200 5.23%	774,300 5.14%	109,600 0.73%	1,260,400 8.37%	15,058,600
1995	2,164,300 14.70%	3,801,000 25.81%	4,841,600 32.87%	1,083,400 7.36%	794,600 5.40%	770,300 5.23%	106,600 0.72%	1,166,300 7.92%	14,728,000
1996	2,450,800 16.23%	3,843,400 25.46%	4,743,600 31.42%	1,159,700 7.68%	843,900 5.59%	749,800 4.97%	163,300 1.08%	1,142,700 7.57%	15,097,200
1997	2,303,800 15.23%	3,807,100 25.16%	4,734,100 31.29%	1,230,100 8.13%	940,400 6.22%	728,400 4.81%	172,000 1.14%	1,214,400 8.03%	15,130,200
1998	2,510,000 16.15%	3,860,200 24.84%	4,570,100 29.41%	1,361,000 8.76%	1,009,600 6.50%	621,600 4.00%	267,200 1.72%	1,342,300 8.64%	15,541,900
1999	2,638,600 15.62%	4,115,600 24.36%	4,974,600 29.44%	1,475,400 8.73%	1,076,900 6.37%	677,900 4.01%	381,500 2.26%	1,555,300 9.21%	16,895,800
2000	2,522,700 14.54%	4,147,700 23.91%	4,911,700 28.31%	1,619,200 9.33%	1,158,900 6.68%	752,800 4.34%	435,900 2.51%	1,800,800 10.38%	17,349,700
2001	2,273,200 13.10%	3,915,500 22.57%	4,852,500 27.97%	1,741,300 10.04%	1,207,600 6.96%	703,700 4.06%	438,900 2.53%	1,989,200 11.47%	17,121,900
2002	2,205,450 12.71%	3,576,250 20.61%	4,815,150 27.75%	1,756,150 10.12%	1,247,850 7.19%	739,850 4.26%	423,850 2.44%	2,052,950 11.83%	16,817,500
<b>Average 1992–2002</b>	<b>2,275,786</b> <b>14.68%</b>	<b>3,785,432</b> <b>24.42%</b>	<b>4,774,886</b> <b>30.81%</b>	<b>1,324,650</b> <b>8.55%</b>	<b>959,468</b> <b>6.19%</b>	<b>708,350</b> <b>4.57%</b>	<b>241,050</b> <b>1.56%</b>	<b>1,430,159</b> <b>9.23%</b>	<b>15,499,782</b>

Source: NADA Industry Analysis Division

# NADA Data

## F&I, Service Contracts

AFTER FALLING IN 1999, 2000, and 2001, gross margin on the sale of new units fell again in 2002, edging down to 5.62 percent. The decline was largely the result of an extremely competitive marketplace, which makes the profits generated by finance, insurance, and service contracts increasingly important to the new-vehicle department.

Aftermarket income (combined gross from F&I and service contracts) was 24 percent of new- and used-vehicle department gross in 2002—up from 22 percent in 2001. This came partly from more attention to F&I by public groups and consolidators, higher finance penetration rates for both new and used cars, and a greater emphasis on customer satisfaction in F&I.

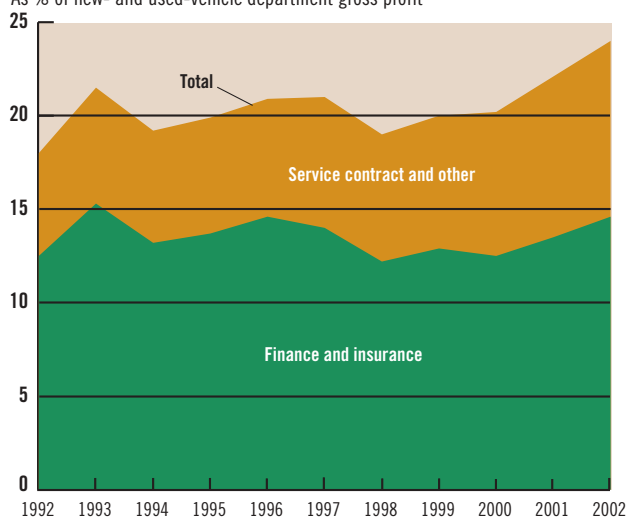
Improvement in vehicle quality and short-term leasing brought a drop in service contract penetration from a high of

35.0 percent in 1986 to 20.1 percent in 1998. Still, it jumped in 2002 to 28.8 percent—the highest level since 1992. The increase was

aided by a relatively low leasing rate during the year, innovative service plans, and the increased attention to F&I.

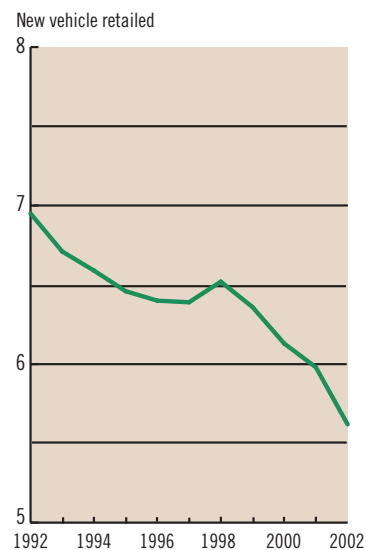
### Aftermarket income

As % of new- and used-vehicle department gross profit



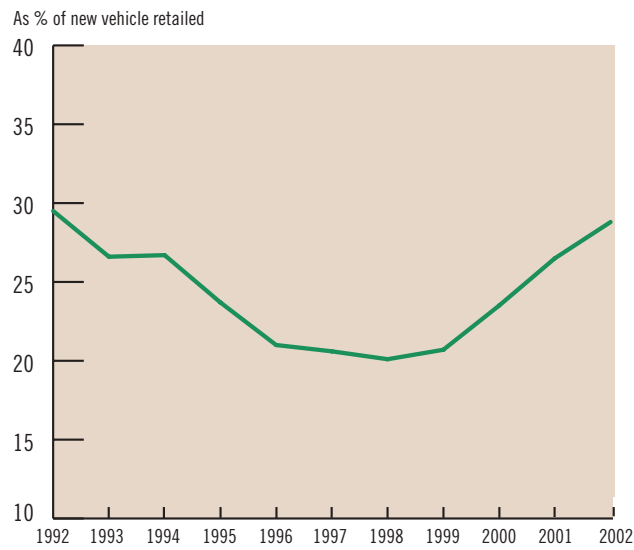
Source: NADA Industry Analysis Division

### Gross as percentage of selling price



Source: NADA Industry Analysis Division

### Service contract penetration rates



Source: NADA Industry Analysis Division

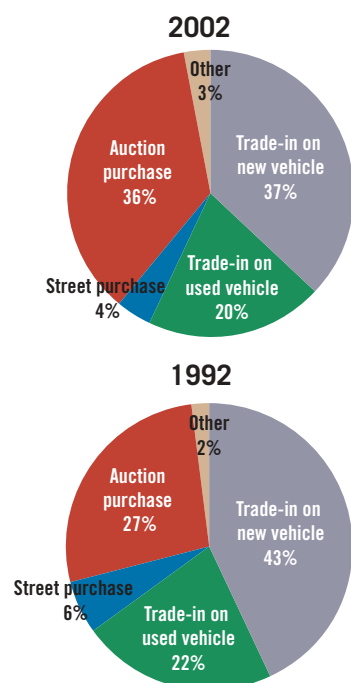
## The Used-Vehicle Department

FRANCHISED NEW-CAR dealers sold 19.4 million used vehicles last year. Of these, 11.6 million were retailed and 7.8 million wholesaled. The average selling price of a used unit retailed in 2002 was \$13,850.

New-car dealers acquired 57 percent of the used units they retailed from trade-ins and the remaining 43 percent from auctions, street purchases, or other sources. As a source of used cars, auctions have made the biggest inroads in the past decade—from less than 10 percent of the dealer's inventory in the early '80s to a record 36 percent in 2002.

### Sources of used vehicles retailed by dealerships

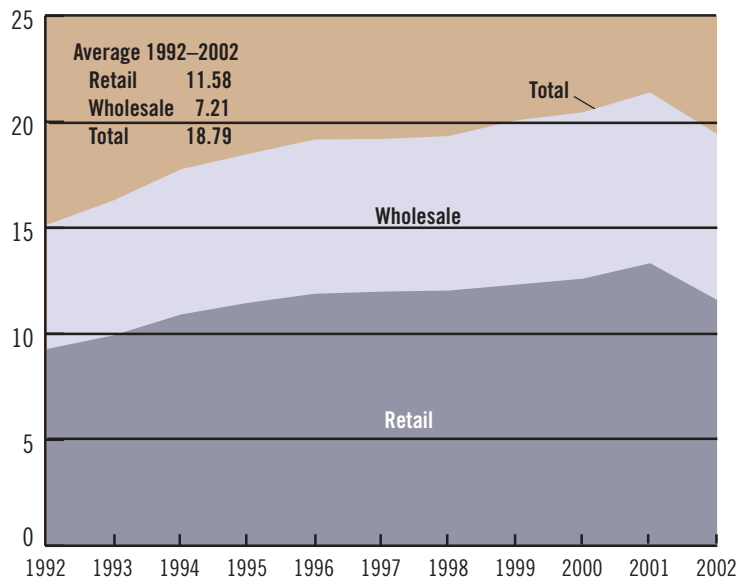
By department



Source: NADA Industry Analysis Division

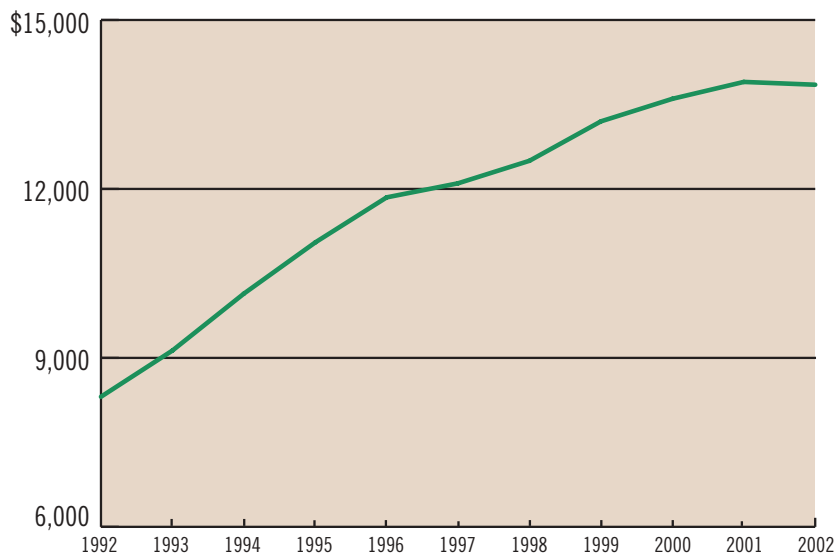
### Used-vehicle sales by new-car dealerships

In millions



Source: NADA Industry Analysis Division

### Average retail selling price of used vehicles retailed by new-car dealerships



Source: NADA Industry Analysis Division

# NADA Data

## Service, Parts, and Body Shop

FRANCHISED DEALERSHIP service and parts sales reached some \$83 billion in 2002, up almost 4 percent from 2001. In recent years, increased competition from independent service stations and quick-lube centers has cut into dealerships' efforts to lure more customers back for service work. Last year's increase in sales was powered by a strong light-vehicle market, a growing and technologically advanced vehicle population, and more miles driven.

Dealers have made a major investment in service and parts to beef up customer satisfaction. In 2002 they provided 347,600 service stalls, employed 263,900 technicians, and carried a parts inventory valued at \$5.5 billion.

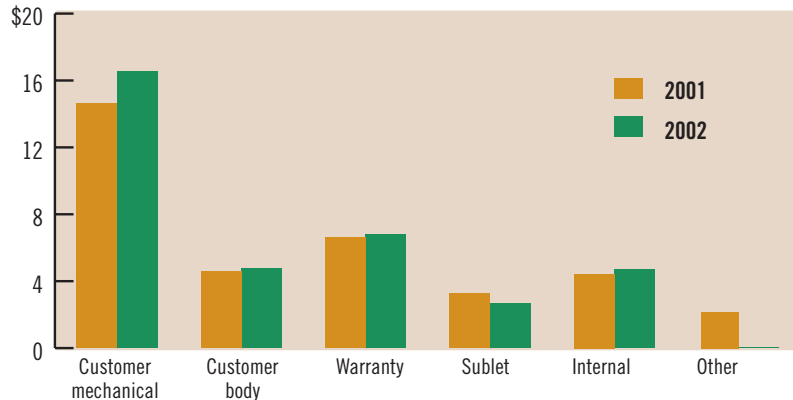
To boost customer convenience and make full use of their facilities, 61 percent of dealers, in their service departments, offer evening hours, weekend hours, or both. The average dealership service department is open for business 54 hours per week.

In recent years, fewer and fewer dealerships have decided to remain in the body shop business. Still, the total amount of body repair work performed by dealerships continued its upward trend in 2002. Body repair work performed by all dealerships increased to \$8.5 billion last year.

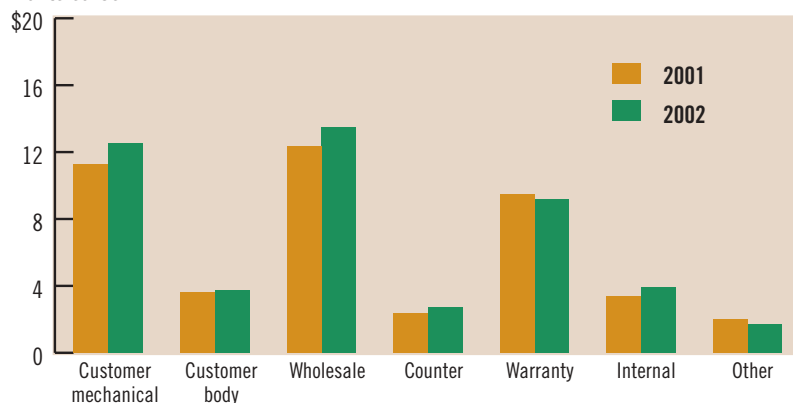
### Dealerships' total service and parts sales

In billions of dollars

#### Service labor sales



#### Parts sales



Source: NADA Industry Analysis Division

### Profile of the dealership's service and parts operation, 2002

	Average dealership	All dealers
Total service and parts sales	\$3,681,518	\$83.0 billion
Total gross profit as % of service and parts sales	44.5%	
Total net profit as % of service and parts sales	5.9%	
Total number of repair orders written	11,064	240 million
Total service and parts sales per customer repair order	\$188	
Total service and parts sales per warranty repair order	\$222	
Number of technicians (including body shop)	11	263,900
Number of service bays (excluding body shop)	16	347,600
Total parts inventory	\$251,355	\$5.5 billion
Average customer mechanical labor rate	\$68	

Source: NADA Industry Analysis Division

In 2002 franchised dealers provided 347,600 service stalls, employed 263,900 technicians, and carried a parts inventory valued at \$5.5 billion.

### Dealerships' total service and parts sales

In billions of dollars

	Amount	% change
1992	\$ 49.07	4.4%
1993	51.31	4.6
1994	55.12	7.4
1995	56.57	2.6
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

Source: NADA Industry Analysis Division

### Dealerships' service and parts sales

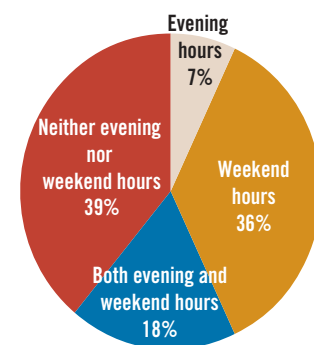
In billions of dollars

	2001	2002	% change
<b>Service labor sales</b>			
Customer mechanical	\$14.63	\$16.52	12.9%
Customer body	4.56	4.75	4.3
Warranty	6.62	6.77	2.3
Sublet	3.27	2.69	-17.8
Internal	4.43	4.72	6.7
Other	2.16	0.37	-82.9
<b>Total service labor</b>	<b>\$35.66</b>	<b>\$35.82</b>	<b>0.5%</b>
<b>Parts sales</b>			
Customer mechanical	\$11.28	\$12.54	11.1%
Customer body	3.60	3.72	3.1
Wholesale	12.36	13.48	9.1
Counter	2.37	2.71	14.4
Warranty	9.48	9.20	-3.0
Internal	3.35	3.92	16.8
Other	1.99	1.72	-13.5
<b>Total parts</b>	<b>\$44.44</b>	<b>\$47.28</b>	<b>6.4%</b>
<b>Total service and parts</b>	<b>\$80.10</b>	<b>\$83.11</b>	<b>3.8%</b>

Source: NADA Industry Analysis Division

### Service department hours of operation

Percent of dealership service departments with:

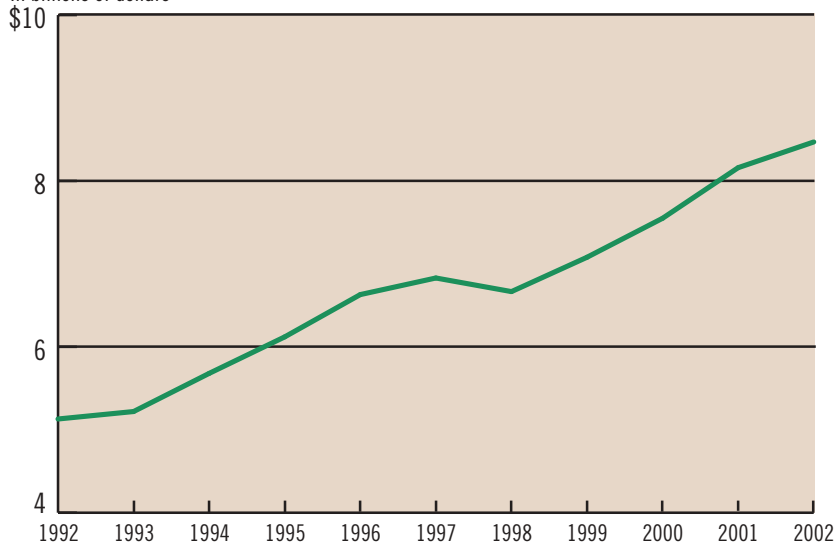


Average hours open per week: 54

Source: NADA Industry Analysis Division

### Total dealership body shop sales

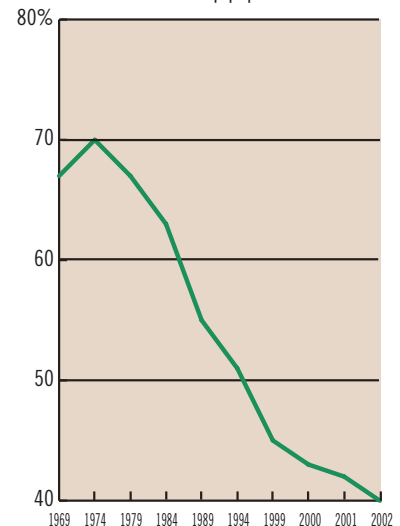
In billions of dollars



Source: NADA Industry Analysis Division

### Dealerships operating on-site body shops

Percent of total dealership population



Source: NADA Industry Analysis Division

## Employment and Payroll

FRANCHISED DEALERS are major employers, as well as significant contributors to their communities' economies, tax base, and civic and charitable organizations. In the past five years, total dealership employment has increased by nearly 100,000, and is now at 1,129,600.

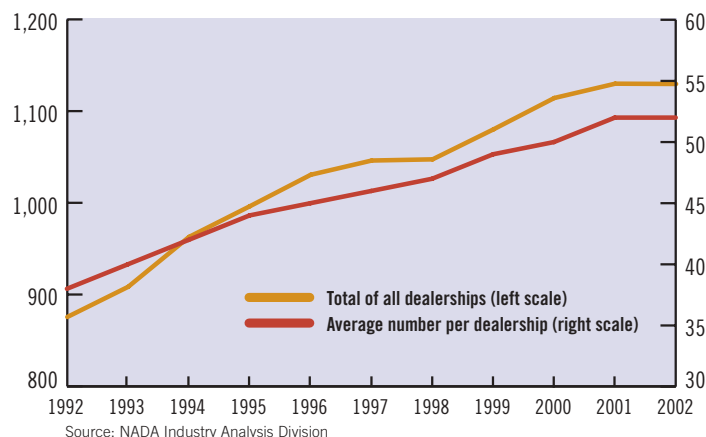
The number and type of employees vary significantly among dealerships depending on store characteristics such as size, location, makes handled, and distribution of sales among departments. Total dealership employment count in 2002 was estimated as follows:

New- and used-vehicle salespeople	242,700
Technicians	263,900
Service and parts workers (other than technicians)	324,500
Supervisors, general office workers, and others	298,500
<b>Total</b>	<b>1,129,600</b>

The average dealership in 2002 employed 52 persons and had an annual payroll of \$2,245,000. The payroll for all dealerships was almost \$49 billion and represented 10 percent of the nation's total retail trade payroll.

### Estimated number of employees of new-car dealerships

In thousands



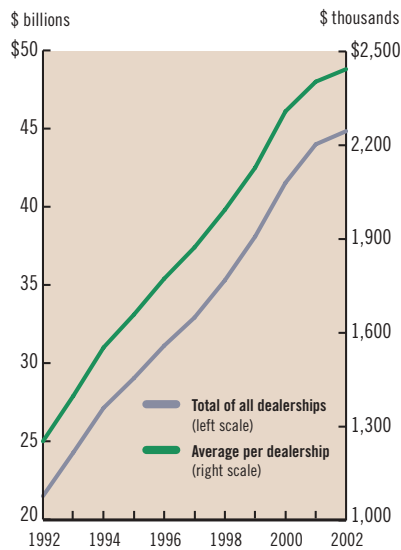
Source: NADA Industry Analysis Division

### Estimated number of new-car dealership employees in 2002, by state

State	Total number all dealers	Average number per dealership	State	Total number all dealers	Average number per dealership
Alabama	15,604	44	Montana	3,851	29
Alaska	2,146	49	Nebraska	7,111	32
Arizona	26,836	109	Nevada	8,417	81
Arkansas	8,550	33	New Hampshire	6,137	39
California	135,956	79	New Jersey	34,782	52
Colorado	20,210	73	New Mexico	7,109	53
Connecticut	14,284	43	New York	51,639	41
Delaware	3,284	57	North Carolina	29,138	45
D.C.	573	95	North Dakota	3,326	32
Florida	71,541	74	Ohio	44,943	46
Georgia	35,491	56	Oklahoma	14,530	46
Hawaii	4,356	70	Oregon	13,155	50
Idaho	5,548	42	Pennsylvania	52,347	42
Illinois	44,177	45	Rhode Island	3,466	49
Indiana	25,193	44	South Carolina	13,007	44
Iowa	12,337	31	South Dakota	3,618	28
Kansas	10,555	39	Tennessee	21,336	54
Kentucky	13,619	43	Texas	92,802	67
Louisiana	18,172	51	Utah	8,138	55
Maine	5,010	35	Vermont	2,762	29
Maryland	25,694	66	Virginia	32,048	58
Massachusetts	24,720	48	Washington	21,669	57
Michigan	43,777	53	West Virginia	7,268	39
Minnesota	20,822	44	Wisconsin	23,392	38
Mississippi	8,996	37	Wyoming	2,361	33
Missouri	23,797	46	<b>Total U.S.</b>	<b>1,129,600</b>	<b>52</b>

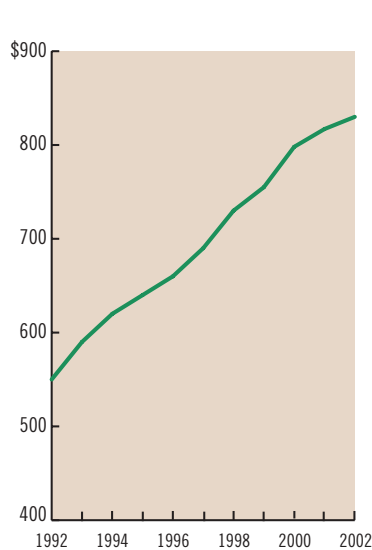
Source: NADA Industry Analysis Division

## Annual payroll of new-car dealerships



Source: NADA Industry Analysis Division

## Average weekly earnings of dealership employees



Source: NADA Industry Analysis Division

## 2002 annual payroll of new-car dealerships, by state

	Total of all dealerships (\$ billions)	Average per dealership (\$ millions)
Alabama	\$0.60	\$1.70
Alaska	0.10	2.31
Arizona	1.14	4.91
Arkansas	0.31	1.15
California	6.53	3.96
Colorado	0.90	3.33
Connecticut	0.71	2.07
Delaware	0.15	2.33
D.C.	0.02	4.03
Florida	3.21	3.31
Georgia	1.52	2.44
Hawaii	0.18	3.03
Idaho	0.21	1.62
Illinois	2.09	2.00
Indiana	0.97	1.73
Iowa	0.47	1.13
Kansas	0.43	1.49
Kentucky	0.51	1.56
Louisiana	0.66	1.94
Maine	0.20	1.29
Maryland	1.09	2.87
Massachusetts	1.12	2.19
Michigan	1.99	2.49
Minnesota	0.85	1.76
Mississippi	0.34	1.38
Missouri	0.97	1.90
Montana	0.13	0.96
Nebraska	0.27	1.19
Nevada	0.45	4.15
New Hampshire	0.29	1.70
New Jersey	1.66	2.63
New Mexico	0.27	2.03
New York	2.26	1.83
North Carolina	1.29	1.87
North Dakota	0.11	1.06
Ohio	1.82	1.80
Oklahoma	0.51	1.65
Oregon	0.59	2.10
Pennsylvania	2.02	1.62
Rhode Island	0.15	2.09
South Carolina	0.56	1.75
South Dakota	0.13	1.02
Tennessee	0.97	2.27
Texas	4.09	3.01
Utah	0.32	2.16
Vermont	0.11	1.07
Virginia	1.32	2.42
Washington	0.99	2.59
West Virginia	0.23	1.23
Wisconsin	0.89	1.39
Wyoming	0.08	1.18
<b>Total U.S.</b>	<b>\$48.77</b>	<b>\$2.25</b>

Source: NADA Industry Analysis Division

## Average weekly earnings of new-car dealership employees in 2002, by state

Alabama	\$739	Montana	\$638
Alaska	904	Nebraska	716
Arizona	871	Nevada	993
Arkansas	683	New Hampshire	852
California	963	New Jersey	966
Colorado	884	New Mexico	735
Connecticut	931	New York	858
Delaware	787	North Carolina	802
D.C.	818	North Dakota	648
Florida	864	Ohio	755
Georgia	838	Oklahoma	696
Hawaii	837	Oregon	815
Idaho	738	Pennsylvania	737
Illinois	853	Rhode Island	820
Indiana	760	South Carolina	762
Iowa	696	South Dakota	693
Kansas	747	Tennessee	819
Kentucky	697	Texas	863
Louisiana	730	Utah	755
Maine	712	Vermont	717
Maryland	844	Virginia	805
Massachusetts	877	Washington	870
Michigan	909	West Virginia	615
Minnesota	778	Wisconsin	706
Mississippi	729	Wyoming	690
Missouri	798	<b>Total U.S.</b>	<b>\$830</b>

Source: NADA Industry Analysis Division

# NADA Data

## Vehicles in Operation and Scrappage

ON JUNE 30, 2002, there were 221 million vehicles in operation. In the past six years, the total light-vehicle fleet has increased by an average of 2 percent every year. The median age for the car population in 2002 was 8.4 years and light trucks 6.6 years.

Scrappage—the difference between sales and the growth of the vehicle population—was 13.3 million units in 2002, down from 14.1 million units in 2001, reflecting the strong vehicle market and improved vehicle quality.

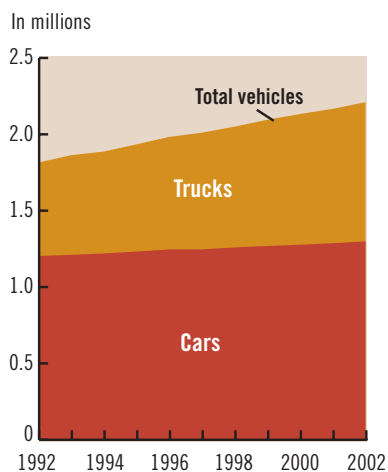
NADA Industry Analysis estimates that the average light vehicle on the road is 7.9 years old.

### Vehicles in operation—scrappage, by year

Year	Total vehicles in use	New-vehicle registrations	Scrappage	Scrappage as % of registrations
1992	181,519,150	12,794,078	12,780,857	99.9%
1993	186,315,464	13,209,549	8,413,235	63.7
1994	188,713,997	14,767,042	12,368,509	83.8
1995	193,440,393	15,058,699	10,332,303	68.6
1996	198,293,459	15,663,707	10,810,641	69.0
1997	201,070,397	15,285,529	12,508,591	81.8
1998	205,042,639	15,637,540	11,665,298	74.6
1999	209,509,161	16,130,124	11,663,602	72.3
2000	213,299,313	18,088,911	14,298,759	79.0
2001	216,682,936	17,505,343	14,121,720	80.7
2002	221,027,121	17,639,934	13,295,749	75.4

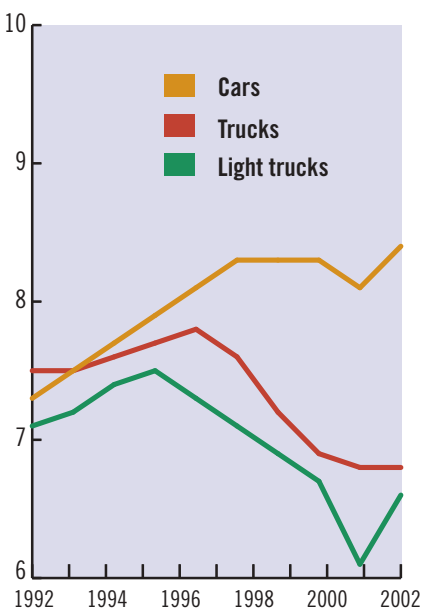
Source: The Polk Co.

### Total vehicles in operation, by year



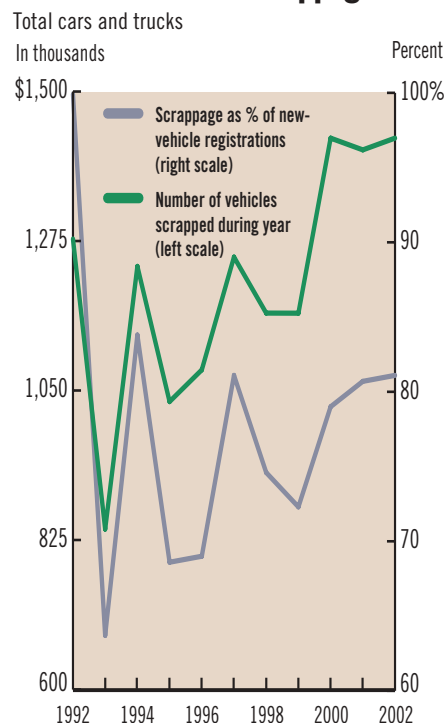
Source: The Polk Co.

### Median age of passenger cars, trucks, and light trucks, by year



Source: The Polk Co.

### Estimated vehicle scrappage



Source: The Polk Co.

## Total vehicles in operation in 2001, by state

State	Passenger cars	Trucks and buses	Total vehicles*
Alabama	1,765,088	2,461,175	4,235,089
Alaska	242,293	352,873	597,734
Arizona	2,263,970	1,698,422	3,967,117
Arkansas	973,531	883,331	1,863,798
California (estimated)	17,918,760	10,812,255	28,780,056
Colorado	2,367,565	2,275,380	4,648,820
Connecticut	2,051,140	855,531	2,916,868
Delaware	410,464	240,559	653,085
D.C.	203,693	42,500	248,862
Florida	8,937,563	5,356,918	14,340,102
Georgia	4,084,746	3,201,501	7,304,785
Hawaii	528,622	334,811	868,073
Idaho	577,762	742,376	1,323,848
Illinois	6,424,601	3,418,902	9,861,490
Indiana	3,229,359	2,367,552	5,625,031
Iowa	1,870,457	1,439,536	3,318,309
Kansas	842,312	1,484,509	2,330,701
Kentucky	2,122,875	1,489,478	3,625,700
Louisiana	1,994,403	1,593,341	3,608,559
Maine	617,781	396,922	1,017,539
Maryland	2,595,892	1,331,033	3,938,848
Massachusetts	3,530,955	1,665,593	5,198,221
Michigan	4,903,195	3,524,396	8,453,651
Minnesota	2,564,940	1,973,849	4,554,186
Mississippi	1,147,240	797,299	1,953,773
Missouri	2,490,721	1,704,693	4,207,838

Source: U.S. Department of Transportation \*Includes buses

State	Passenger cars	Trucks and buses	Total vehicles*
Montana	460,024	570,246	1,033,084
Nebraska	833,979	793,262	1,633,450
Nevada	679,137	598,787	1,279,828
New Hampshire	684,378	413,352	1,099,540
New Jersey	4,517,906	2,039,712	6,580,025
New Mexico	671,132	753,926	1,428,460
New York	7,597,371	2,543,399	10,196,468
North Carolina	3,713,667	2,434,858	6,179,751
North Dakota	347,620	357,674	707,585
Ohio	6,666,033	3,850,539	10,554,902
Oklahoma	1,748,889	1,515,152	3,281,080
Oregon	1,559,228	1,466,595	3,039,395
Pennsylvania	6,231,291	3,362,986	9,630,755
Rhode Island	536,246	226,372	764,478
South Carolina	1,919,405	1,206,704	3,142,739
South Dakota	389,032	411,866	803,496
Tennessee	3,011,787	2,109,976	5,138,843
Texas	7,724,309	6,554,917	14,358,757
Utah	924,021	826,451	1,751,734
Vermont	301,765	229,947	533,785
Virginia	3,976,364	2,176,757	6,171,381
Washington	2,903,201	2,266,177	5,179,097
West Virginia	786,539	662,393	1,452,052
Wisconsin	2,579,061	1,879,870	4,472,935
Wyoming	211,154	358,658	572,623
<b>Total U.S.</b>	<b>137,633,467</b>	<b>92,045,311</b>	<b>230,428,326</b>

## Total new-vehicle registrations in 2002, by state

State	2002	2001	2000	1999
Alabama	225,699	219,966	234,469	225,640
Alaska	33,545	34,323	34,091	31,089
Arizona	339,602	348,215	324,172	290,776
Arkansas	133,761	135,111	137,743	137,754
California	2,035,109	2,049,256	2,091,281	1,821,563
Colorado	292,857	305,138	300,935	286,094
Connecticut	198,915	209,620	206,606	203,871
Delaware	53,625	54,565	57,587	55,413
D.C.	27,061	17,713	17,227	16,250
Florida	1,330,598	1,410,040	1,347,355	1,267,892
Georgia	512,122	517,729	543,184	522,141
Hawaii	86,798	78,761	86,175	70,896
Idaho	55,915	55,540	57,770	53,871
Illinois	752,548	805,514	772,868	716,879
Indiana	337,294	344,352	357,575	337,850
Iowa	129,361	137,021	135,830	136,099
Kansas	123,708	132,365	131,585	129,698
Kentucky	164,663	165,541	171,443	175,940
Louisiana	251,460	252,824	250,798	247,814
Maine	60,090	61,161	62,139	59,097
Maryland	412,064	415,464	415,631	380,461
Massachusetts	373,598	394,123	401,798	378,236
Michigan	816,914	852,971	816,701	860,952
Minnesota	301,152	295,656	337,073	306,817
Mississippi	117,592	120,548	126,654	120,239
Missouri	328,302	352,150	332,615	299,868

Source: The Polk Co.

State	2002	2001	2000	1999
Montana	40,154	41,035	40,583	38,624
Nebraska	85,716	88,544	85,812	88,930
Nevada	140,165	142,667	145,829	123,440
New Hampshire	90,016	93,978	97,171	92,250
New Jersey	639,017	656,834	665,841	613,537
New Mexico	99,550	100,945	97,794	88,873
New York	887,223	886,067	916,695	876,414
North Carolina	424,484	444,097	482,957	455,415
North Dakota	28,691	29,510	28,293	27,564
Ohio	676,474	732,575	749,574	777,518
Oklahoma	171,398	172,590	164,164	159,577
Oregon	162,915	162,424	180,809	175,632
Pennsylvania	701,499	724,456	769,411	710,299
Rhode Island	57,945	58,208	61,128	49,130
South Carolina	193,141	201,124	234,311	208,104
South Dakota	34,615	35,475	35,003	33,777
Tennessee	283,958	290,145	293,936	296,443
Texas	1,401,001	1,450,190	1,421,002	1,290,755
Utah	102,122	104,118	112,178	102,216
Vermont	40,723	42,334	41,392	39,039
Virginia	415,134	426,004	446,119	416,141
Washington	264,454	263,005	287,395	254,191
West Virginia	89,836	90,385	90,098	87,142
Wisconsin	289,742	301,719	305,162	299,109
Wyoming	25,300	25,829	25,065	21,076
Federal government	N.A.	20,223	27,588	33,219
<b>Total U.S.</b>	<b>16,839,626</b>	<b>17,350,148</b>	<b>17,556,615</b>	<b>16,491,615</b>

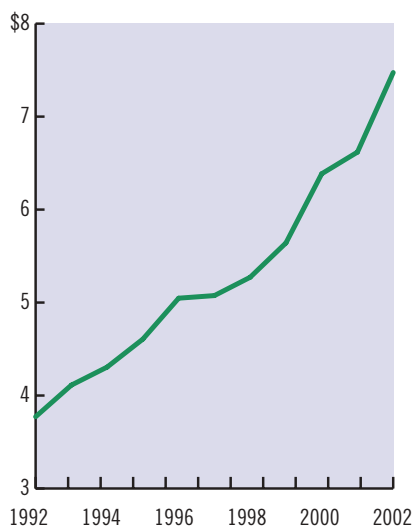
# NADA Data Advertising and the Dealership

FRANCHISED DEALERS spent a record \$7.5 billion in advertising outlays in 2002. Ad expense as a percentage of new-vehicle sales rose 17 percent from 2001. Ad expenses as a share of used-vehicle sales were up 27 percent. Dealership ad dollars going to new vehicles were almost 49 percent as used cars' share of ad dollars climbed to 42 percent.

In the past 10 years, spending for TV at the average dealership has increased by 88 percent, versus 98 percent for direct mail, 75 percent for newspapers, and only 64 percent for radio. Still, the biggest gain was from the "Other" category. In 2002 the typical dealership saw that category grow by nearly 13 percent from 2001.

## Total dealership advertising expenditures

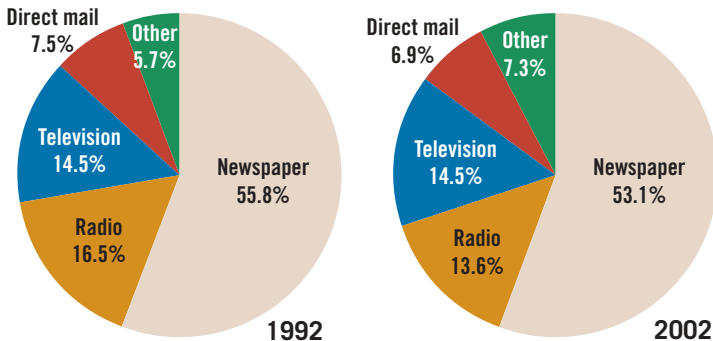
In billions of dollars



Source: NADA Industry Analysis Division

## Advertising expenditures, by medium

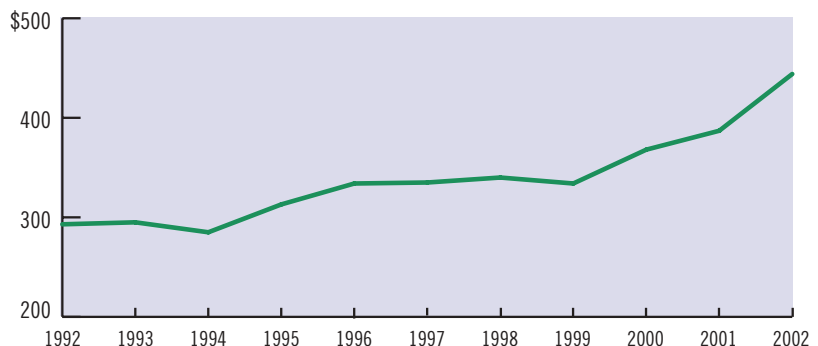
Percent of total



Source: NADA Industry Analysis Division

## Total dealership advertising

Per new unit sold



Source: NADA Industry Analysis Division

## Estimated advertising expenses per dealership in 2002

By number of new units sold

Medium used	Average of all dealerships	1-149	150-399	400-749	750+
Newspapers	\$182,554	\$50,356	\$97,876	\$160,007	\$367,795
Radio	46,929	15,209	37,159	63,230	140,923
Television	49,842	4,889	25,659	68,931	133,717
Direct mail	20,854	3,118	16,640	25,644	62,757
Internet	15,867	2,842	8,147	14,358	36,734
Other	27,986	6,857	8,830	17,991	43,393
<b>Total</b>	<b>\$344,031</b>	<b>\$83,270</b>	<b>\$194,311</b>	<b>\$350,161</b>	<b>\$785,319</b>
Total advertising as a % of total sales	1.10%	1.11%	1.20%	1.25%	1.29%
Total advertising per new vehicle sold	\$444	\$651	\$573	\$538	\$475

Source: NADA Industry Analysis Division

# NADA Data Consumer Credit

IN 2002 AVERAGE new-vehicle loan rates at finance companies fell again, dropping to 4.3 percent in the fourth quarter, partly from strong incentives by captives. New-vehicle loan rates at banks fell to 6.7 percent—down by almost 180 basis points from 2001.

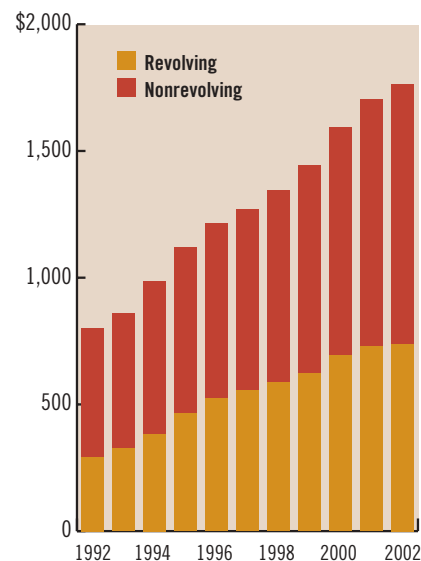
## Average maturity of new-car loans at finance companies

1995	54.1 months
1996	51.6
1997	54.1
1998	52.1
1999	52.7
2000	54.9
2001	55.1
2002	56.9

Source: Federal Reserve Board

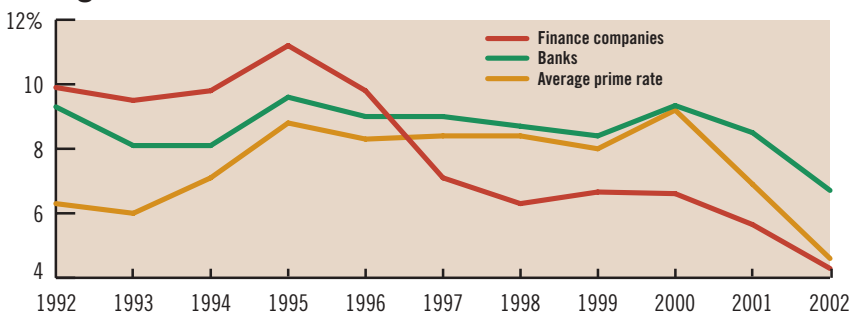
## Consumer credit outstanding

End of year, seasonally adjusted, in millions of dollars



Source: Federal Reserve Board

## Average finance rate on new-car loans



Note: The bank series represents the average of direct 48-month loans. The finance company series represents the average of all loans made.

Source: Federal Reserve Board

## Comerica new-vehicle affordability index

	Avg. finance rate	Avg. length loan	Avg. consumer expenditure*	Median Family Income	Avg. weeks of median family income to buy car*
1996Q1	9.45%	52.1 months	\$18,390	\$45,694	26.7
1996Q2	9.20	50.9	19,399	46,463	25.9
1996Q3	9.70	51.3	18,900	47,093	25.4
1996Q4	9.40	52.4	19,418	47,625	25.7
1997Q1	8.25	54.4	20,706	48,439	26.2
1997Q2	8.60	53.1	20,975	49,059	26.4
1997Q3	7.65	55.2	21,127	49,770	26.0
1997Q4	7.85	53.9	21,569	50,621	26.1
1998Q1	7.60	52.6	22,148	51,740	25.9
1998Q2	7.40	52.3	21,950	52,651	25.2
1998Q3	7.40	52.6	21,935	53,420	25.1
1998Q4	7.70	52.7	22,102	54,029	25.0
1999Q1	7.38	52.8	22,121	54,423	24.6
1999Q2	7.43	52.5	22,262	55,054	24.5
1999Q3	7.45	51.9	22,357	55,759	24.4
1999Q4	7.96	53.5	22,437	56,618	24.3
2000Q1	7.98	52.9	22,038	57,796	23.3
2000Q2	7.82	54.3	22,403	58,987	22.9
2000Q3	8.34	55.7	22,084	59,777	23.1
2000Q4	7.75	56.7	23,000	60,763	23.2
2001Q1	8.13	55.1	22,872	61,626	23.2
2001Q2	7.58	56.8	23,434	61,100	23.8
2001Q3	7.16	57.4	23,584	61,503	23.7
2001Q4	5.42	51.1	22,675	61,504	21.9
2002Q1	6.41	53.9	25,250	62,833	20.9
2002Q2	6.86	57.3	25,527	63,625	20.9
2002Q3	4.34	58.9	24,537	64,185	19.9
2002Q4	4.44	57.3	24,936	64,185	20.0

\*With possible rebate

Source: Comerica Bank (compiled from Commerce Department and Federal Reserve data)

# NADA Data

## New-Truck Dealerships

SALES OF NEW MEDIUM- and heavy-duty trucks (Classes 4–8) fell to 322,284 units in 2002, down 8 percent from 2001. Still, medium- and heavy-duty-truck dealers saw profits rise to 2.3 percent of total sales as an increase in used-truck sales and gross margins outpaced a rise in expenses as a share of sales.

Sales of Class 4 commercial trucks leaped 38 percent in 2002. Class 8 sales were down 4 percent (versus 2001's 38 percent drop). Class 7 sales were up 38 percent and Class 6 sales down 6 percent. Sales of Class 5 trucks rose 1 percent and Class 3 sales 27 percent.

Total market share changed somewhat in 2002. Freightliner remained the top-selling medium- and heavy-duty-truck manufacturer, with its market share rising to 23.5 percent from 2001's 22.8 percent. Freightliner's dominant share of the sagging Class 8 market was also little changed at 32 percent. International kept the second spot, though its share edged down to 21.3 percent. In the medium-duty segment, Freightliner's market share remained at 17 percent while Ford's share rose to 27 percent and International's fell to 26 percent.

Dollar profits for the average dealership rose by 21 percent in 2002, on a total sales increase of 18 percent to almost \$40 million, up from nearly \$34 million in 2001. New medium- and heavy-duty-truck sales grew by 22 percent in 2002 and made up 55 percent of total sales. Used-truck sales rose by 2 percent and made up 14 percent of total sales.

### Truck categories

Trucks are classified by gross vehicle weight

Class 1	0 – 6,000 lb.
Class 2	6,001 – 10,000
Class 3	10,001 – 14,000
Class 4	14,001 – 16,000
Class 5	16,001 – 19,500
Class 6	19,501 – 26,000
Class 7	26,001 – 33,000
Class 8	33,001 lb. and over

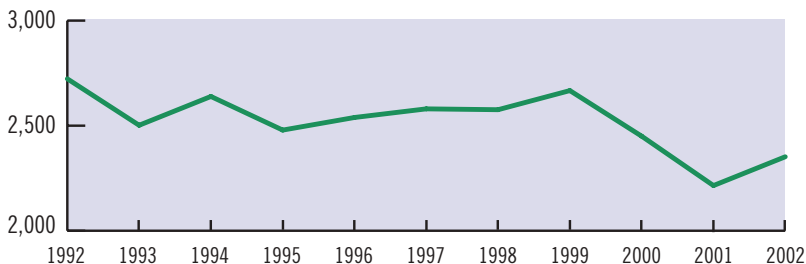
### Medium- and heavy-duty-truck dealership operating profile 2002

Total dealership sales	\$39,850,080
Net profit as % of sales	2.3%
New-truck sales	\$21,745,032
As % of total sales	54.6%
Used-truck sales	\$ 5,624,208
As % of total sales	14.1%
Service and parts sales	\$ 9,535,644
As % of total sales	23.9%

Source: American Truck Dealers

### Number of medium- and heavy-duty-truck dealerships

As of beginning of year



Source: American Truck Dealers

### U.S. retail sales and market share—calendar year 2002

Truck classes 4–8

Class	4	5	6	7	8	Total	Percent of market
Freightliner	1,374	494	10,542	17,527	45,933	75,870	23.5%
International	0	116	17,612	26,789	23,992	68,509	21.3
Ford	16,195	16,960	11,640	1,988	0	46,783	14.5
Mack	0	0	359	340	19,587	20,286	6.3
GMC	4,825	1,098	1,527	9,273	0	16,723	5.2
Peterbilt	0	0	0	2,566	17,957	20,523	6.4
Chevy	7,365	824	1,036	3,809	0	13,034	4.0
Sterling	0	260	515	3,128	8,763	12,666	3.9
Kenworth	0	0	0	2,531	16,660	19,191	6.0
Volvo	0	0	0	0	11,025	11,025	3.4
Isuzu	5,743	2,459	32	1,012	0	9,246	2.9
Mitsubishi Fuso	1,554	824	512	69	0	2,959	0.9
Nissan Diesel	452	648	490	44	0	1,634	0.5
Hino	319	320	830	226	0	1,695	0.5
Western Star	0	0	0	26	1,303	1,329	0.4
Other	0	0	0	0	811	811	0.3
<b>Total</b>	<b>37,827</b>	<b>24,003</b>	<b>45,095</b>	<b>69,328</b>	<b>146,031</b>	<b>322,284</b>	<b>100.0%</b>

Source: © 2003 Ward's Communications

## Dealership Financial Trends

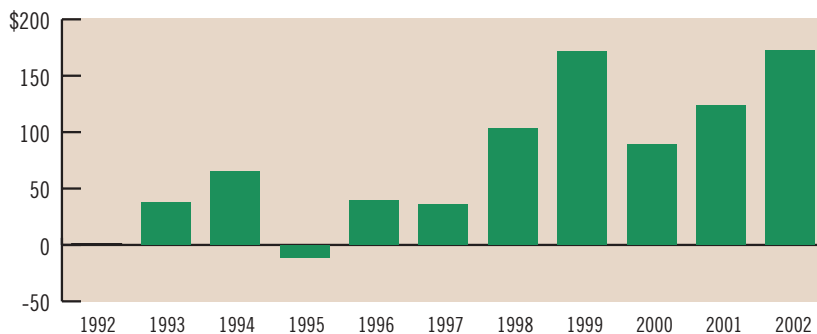
AFTER DROPPING IN 2000, new-vehicle profits at the average dealership rose in 2001 and 2002. The department was, once again, a solid profit center, contributing 35 percent of total operating profit in 2002. During much of the 1990s, new vehicles were mainly a break-even operation. The department still relied on aftermarket income but got lots of help from strong new-unit sales, tight expense control, and increased productivity.

Total used-car profits fell in 2002, accounting for 17 percent of the average store's total operating profits. Dealerships of all sizes and makes continue to rely heavily on used-vehicle departments for profits because of modest returns on new-unit sales. Consumers find used vehicles a good value now because of better quality and durability. Similarly, financial institutions are more willing to lend money for used-vehicle purchases.

Total service and parts profits rose slightly in 2002, as gross margins improved and expenses were largely held in check. Service and parts department profits accounted for 48 percent of total dealership operating profits. Revenue growth was strong despite a sagging economy and was buoyed by strong vehicle sales. Still, dealers will continue to compete with more and more independent service outlets for the fewer repairs required on better-made vehicles.

### New-vehicle department net profit

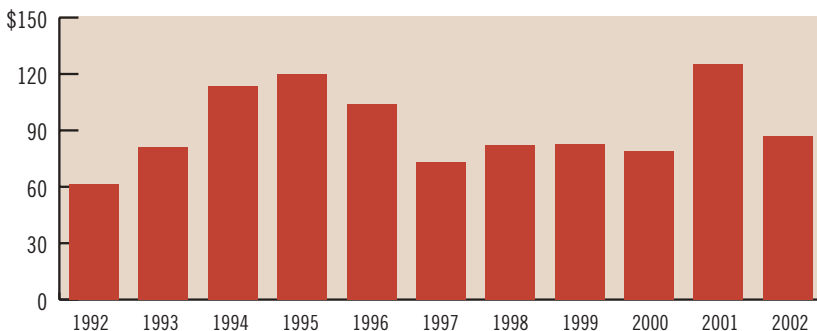
Average dealership, in thousands of dollars



Source: NADA Industry Analysis Division

### Used-vehicle department net profit

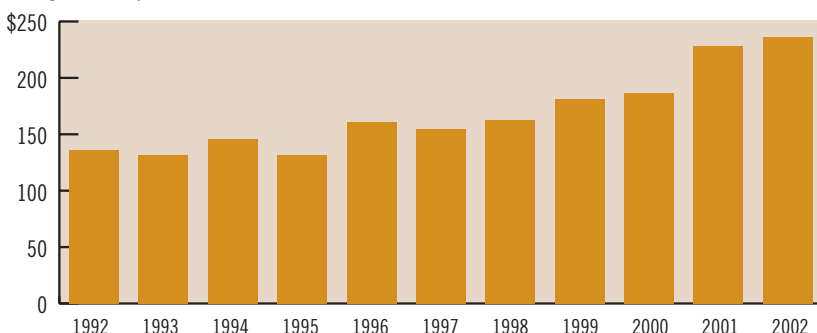
Average dealership, in thousands of dollars



Source: NADA Industry Analysis Division

### Service and parts department net profit

Average dealership, in thousands of dollars



Source: NADA Industry Analysis Division