



December 2024

THE MOTOR DEALER REPORT FROM AUSWILD & CO
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OUR CHRISTMAS WISH FOR YOU!

It is hard to imagine but it is the middle of December already – where has the year gone? Another year is almost over and it is nearly time to close the book on 2024.

And what a year it has been! As most people in the industry anticipated, the good times enjoyed by almost every dealer during Covid and the post- Covid period would come to an end during 2024. VFACTS figures released early this month showed that November 2024 reported total vehicle sales of just under 99,100 units – down 13,000 units on November 2023. This is the fourth successive month where retail sales have been below the same month in 2023.

Dealers of some franchises have been at wits end with dwindling sales – and whilst some dealers still have order banks, these are progressively shrinking as more vehicle inventory become available.

In a few days time we will all be enjoying the festivities of the holiday season. Most of us will be celebrating Christmas and for some of us, it will be 2025 before we return to our businesses & work.

Traditionally, at this time of the year, many of us will be asked what we want for Christmas. The following (in no particular order) is a list of our wishes for all our clients and readers this Christmas season, beginning with the macro view:

1. Less negative news and reports particularly on our economy – enough already!
2. Lower petrol prices.
3. A strong and vigorous economy.
4. Lower interest rates – with a cut in the rate, sooner rather than later!
5. Stronger consumer confidence.
6. A bullish stock market.
7. A stronger Aussie dollar (remember when AUD\$1 was on parity with the US\$1?).
8. A re-bounce for the new vehicle market.
9. World Peace – end of the wars in Ukraine and the Middle-East!

And now here is our list of dealer-related micro-level wishes:

1. Dealer profitability of 4.0% on sales.
2. Fixed operations absorption of 60%.
3. High levels of employee productivity and efficiency.
4. Disciplined asset management policies and standards.
5. A good cash management policy.
6. A minimum of 12 new vehicle sales per salesperson.
7. A maximum 45-day supply of the “right” new vehicles.

8. A new vehicle inventory with no vehicles older than 60 days of age.
9. Six new vehicle inventory turns annually.
10. A minimum of 10 used vehicle sales per salesperson (12 is even better).
11. A 30-day supply of the "right" used vehicles.
12. No used vehicles on the lot longer than 60 days.
13. Six used vehicle turns a year (9 is even better).
14. No used wholesale losses.
15. F&I new vehicle penetration rate of 40%.
16. Finance income per new retail contract of \$1,800.
17. F & I used vehicle penetration rate of 35%.
18. Finance income per used retail contract of \$1,700.
19. Strong new and used aftermarket sales.
20. An effective selling process for sales, service and parts.
21. An effective service follow-up process.
22. An effective labour rate equal to retail rate.
23. No discounted internal labour rates.
24. Highly efficient technicians.
25. Highly productive service advisors.
26. No unapplied time/unsold labour.
27. Monthly labour gross of \$16,000 per technician.
28. Internal parts at retail.
29. Monthly parts gross of \$12,500 per employee.
30. A strong and disciplined expense management policy.
31. Good CSI and retention rates.

If we could wave a magic wand and make these possible, which we all know is not the case, *all* our wishes for you would come true.

On the macro level, all of these wishes are outside our control, but drilling down to the micro level, how many do you have control of and can do something about?

In closing, 2024 has certainly presented us all in the automotive industry with its share of challenges. We hope we have learned some lessons from those challenges and are wiser and better equipped to face them again if they recur in the future.

Our office will be shut from close of business Friday 20 December 2024 and will re-open on Monday 6 January 2025.

We take this opportunity to wish all our clients and readers a Merry Christmas and a Happy & Successful New Year. Thank you all for your support during the year.

For additional information, please contact your
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