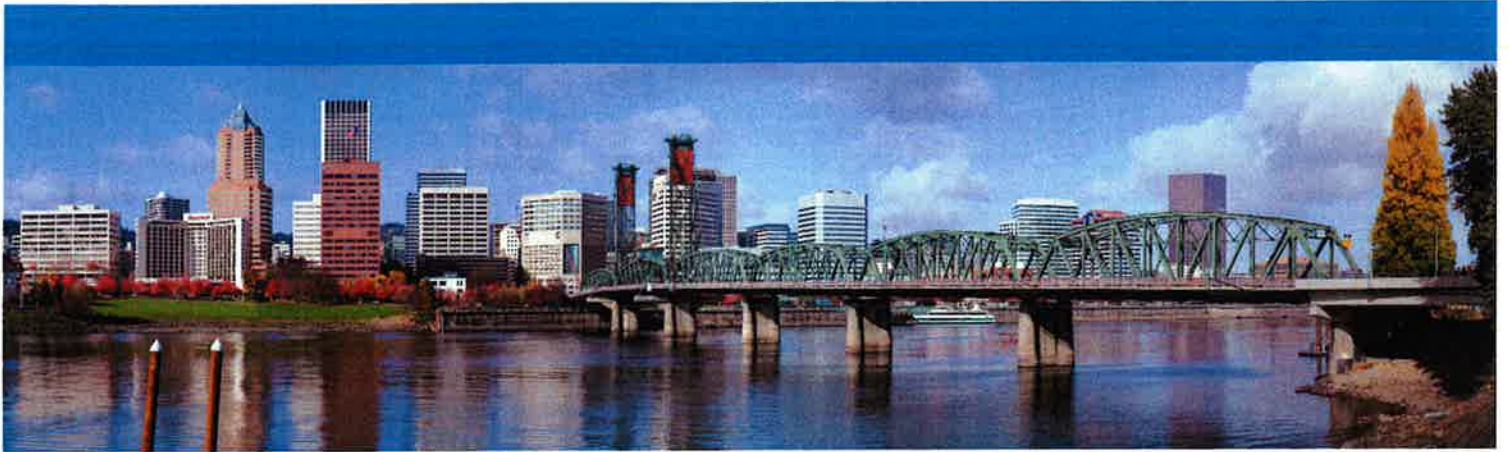


# 2013 Economic Impact Report

## The Economic Impact of Franchised New Car Dealerships on the Oregon Economy



*"Better by Association"*



# INTRODUCTION

## Executive Vice President's Message

This Automotive Industry Economic Impact Study has been conducted to show the significant contribution our industry makes to the Oregon economy.

The Oregon Automobile Dealers Association was formed in the early 1930's to represent the interests of new car and truck dealers in the state. The primary purpose then and now has been to make it as easy as possible for dealers and their customers to buy, sell, and maintain automotive vehicles.



Dealers provide tens of thousands of jobs to Oregon residents, and are an important component of the state's economy. Oregon franchised new vehicle dealers are very proud of their contributions to statewide economic growth and development.

## Introduction

This report provides an in-depth analysis of the economic impact of Oregon new car and truck dealers on the State's economy. It includes estimates of direct and indirect employment, personal income, and tax collections generated by Oregon automotive dealers. Also included is a review of dealership financial statistics and operations. This report was prepared by Auto Outlook, Inc., an independent automotive market analysis firm, and was sponsored by the Oregon Automobile Dealers Association.



## Oregon Automobile Dealers Association

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# PRIMARY CONCLUSIONS



## OREGON FRANCHISED NEW VEHICLE DEALERS

### VITAL CONTRIBUTIONS TO THE STATE'S ECONOMY IN 2013

- New car and truck dealerships in Oregon ..... 249
- **Total jobs in Oregon attributable to franchised new vehicle dealerships** ..... **24,950**
- Average number of jobs (direct/indirect) per new vehicle dealership ..... 100.2
- Total earnings for Oregon residents attributable to dealership operations ..... \$972 million
- Average dealership payroll expense (including fringe benefits) ..... \$3.015 million
- Total state and local taxes collected or paid ..... \$86.3 million
- Total federal payroll taxes collected or paid ..... \$169.4 million
- Total dealership sales (dollars) ..... \$7.8 billion
- **Total Oregon retail sales** ..... **14.2%**
- Average number of vehicles serviced by dealerships ..... 14,900
- Average dealership sales (dollars) ..... \$31.3 million
- Average dealership retail new and used vehicle sales (units) ..... 1,228 units
- Average dealership expenditures on capital improvements in 2012 and 2013 ..... \$205,000
- Total dealership contributions to charitable causes ..... \$5.7 million
- Average dealership advertising expenses ..... \$465,000

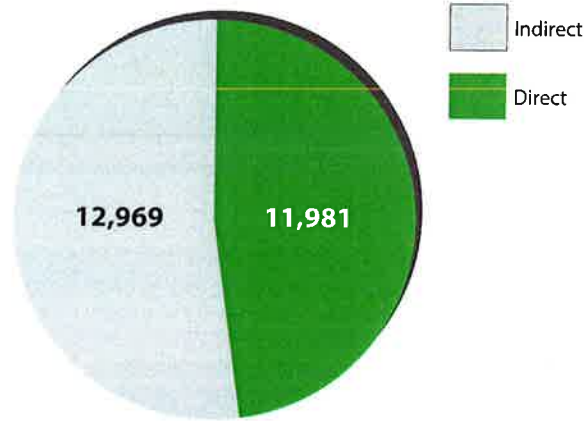
**TOTAL EMPLOYMENT:**  
11,981

**AVERAGE NUMBER OF EMPLOYEES  
PER DEALERSHIP:**  
48

# EMPLOYMENT



## Employment Totals for New Vehicle Retailing Industry - 2013 (Direct: at dealerships; Indirect: elsewhere in economy)



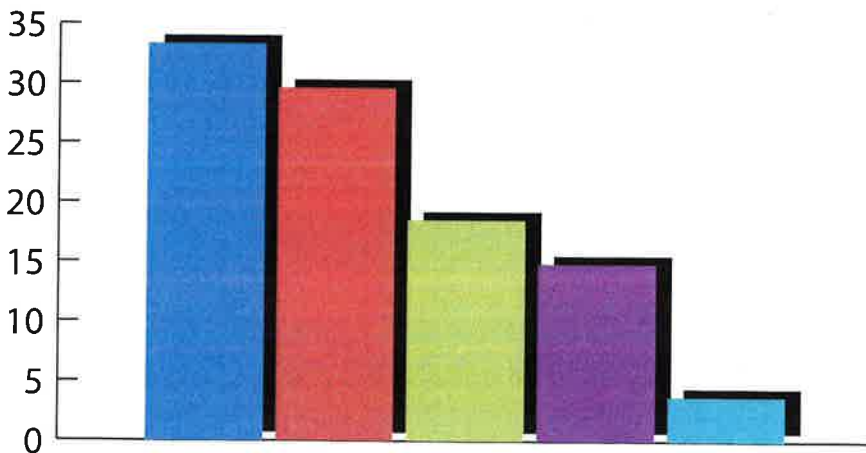
### OBSERVATIONS

- In 2013, Oregon new vehicle dealerships employed a total of 11,981 individuals.
- An additional 12,969 individuals were employed due to the indirect impact of dealership operations.
- Automobile dealership operations accounted for 1.39% of total non-farm employment in the state. (This included both direct and indirect employment.)

Dealership Contribution to Total Non-Farm Employment in Oregon - 2013	
Total employment resulting from auto dealerships	24,950
Total non-farm employment in Oregon	1,791,730
Dealership percentage of State employment	1.39%

## Dealership Employment by Department

■ Service   
 ■ Vehicle Sales   
 ■ Admin & Other   
 ■ Parts & Accessories   
 ■ Body Shop



### OBSERVATIONS

- The average dealership in Oregon employed 48 people.
- 33.3% of dealership staff are employed in the Service Department, while 29.6% are in New and Used vehicle sales departments.

Percentage of Dealership Employment by Department	
Service	33.3%
Vehicle Sales	29.6%
Administration & Other	18.5%
Parts & Accessories	14.8%
Body Shop	3.7%

**TOTAL DEALERSHIP PAYROLL:**  
\$699,572,800

**STATE AND LOCAL GOVERNMENT  
TAX REVENUE GENERATION:**  
\$86,304,000

# PAYROLL AND TAXES



## Employee Compensation Due to New Vehicle Retailing Industry-2013

Industry Total	Direct	Indirect	TOTAL
Payroll	\$627,652,800	\$244,784,592	\$872,437,392
Fringe Benefits	\$71,920,000	\$28,048,800	\$99,968,800
<b>TOTAL</b>	<b>\$699,572,800</b>	<b>\$272,833,392</b>	<b>\$972,406,192</b>

Average Dealership Payroll	Direct
Payroll	\$2,705,400
Fringe Benefits	\$310,000
<b>TOTAL</b>	<b>\$3,015,400</b>

### OBSERVATIONS

- In 2013, the average Oregon dealership paid \$3,015,400 to its employees (including fringe benefits). Including both direct and indirect sources, the new vehicle retailing industry resulted in over \$972 million of total compensation to Oregon residents!

## Tax Revenue Generation - 2013

Tax Category	Average Per Dealer	Auto Retailing Industry Total
State and local payroll taxes	\$256,000	\$59,392,000
Real estate and other local taxes	\$116,000	\$26,912,000
<b>Oregon Total</b>	<b>\$372,000</b>	<b>\$86,304,000</b>
Federal Payroll Taxes	\$730,000	\$169,360,000

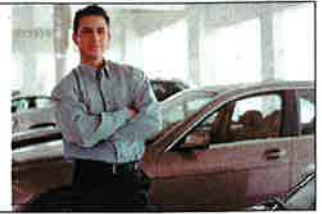
### OBSERVATIONS

- In 2013, new franchised automobile dealerships in Oregon collected or paid more than \$86 million in state and local taxes, an average of \$372,000 per dealership.

**TOTAL DEALERSHIP SALES:**  
\$7.8 Billion

**BIGGEST DEALERSHIP  
ADVERTISING CATEGORY:**  
INTERNET (32%)

# DEALERSHIP SALES AND ADVERTISING BY MEDIA



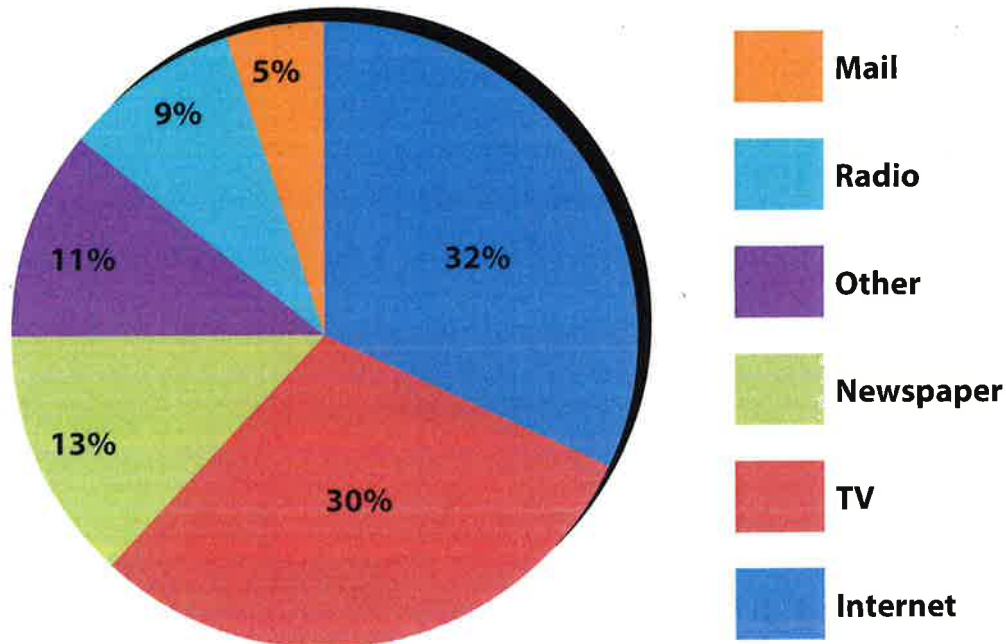
## Departmental Sales (dollars) - 2013

Department	Average Per Dealer	Auto Retailing Industry Total
New vehicle	\$15,814,715	\$3,937,864,070
Used vehicle	\$10,036,262	\$2,499,029,122
Service and parts	\$4,663,313	\$1,161,165,041
Other	\$811,011	\$201,941,767
<b>Total</b>	<b>\$31,325,301</b>	<b>\$7,800,000,000</b>

### OBSERVATIONS

- Total sales for franchised new vehicle dealerships in Oregon during 2013 exceeded \$7.8 billion, an average of nearly \$32 million per dealership.

## Percentage of Dealership Advertising Spending by Media Type - 2013



### OBSERVATIONS

- 32% of dealership advertising expenditures were devoted towards the Internet.
- Average dealership spent \$465,000 on advertising in 2013.

**TOTAL DEALERSHIP EXPENSES:**  
\$1.264 Billion

**AVERAGE DEALERSHIP UNIT SALES:**  
1,120 (NEW AND USED VEHICLES)

# DEALERSHIP EXPENSES AND INDUSTRY QUICK FACTS



## Dealership Expenses - 2013

Department	Average Expenses Per Dealer	Total Industry Expenses
<b>Total Expenses</b>	<b>\$5,450,000</b>	<b>\$1,264,400,000</b>
Payroll	\$2,705,000	\$627,560,000
Rent	\$810,000	\$187,920,000
Advertising	\$465,000	\$107,880,000
Fringe Benefits	\$310,000	\$71,920,000
Utilities	\$128,000	\$29,696,000
Contract Services	\$125,000	\$29,000,000
Mortgage	\$110,000	\$25,520,000
Other Facilities Costs	\$105,000	\$24,360,000
Other	\$94,000	\$21,808,000
Supplies and Materials	\$91,000	\$21,112,000
Insurance	\$85,000	\$19,720,000
Communication Costs	\$81,000	\$18,792,000
Construction Costs	\$75,000	\$17,400,000
Equipment Purchases and Improvements	\$70,000	\$16,240,000
Office Machinery	\$68,000	\$15,776,000
Postage	\$48,000	\$11,136,000
Out of State Travel Costs	\$41,000	\$9,512,000
In State Travel Costs	\$39,000	\$9,048,000

### OBSERVATIONS

- Dealerships in the state had total expenses of more than \$1.26 billion in 2013!

### QUICK FACTS ON OREGON AUTOMOTIVE RETAILING

#### Dealership Financial Summary

- Average dealership total sales during 2013: \$30.9 million.
- Average dealership expenditures on capital improvements during 2012 and 2013 combined: \$205,000.
- Average dealership contributions to charitable causes during 2013: \$24,500.

#### Dealership Vehicle Sales Summary

- Average dealership new and used vehicle sales during 2013: 1,120 units.

## BACKGROUND & METHODOLOGY

Dealership financial data (and other information cited in the report) was collected from a detailed survey sent to all new vehicle automotive retailers in Oregon. The response rate (24% of surveys were returned) was sufficient to form a statistically reliable data base of financial and operational indicators.

Economic impact is separated into two main categories: direct and indirect. Direct impact comprises economic activity at automotive dealerships themselves, such as dealership employment and compensation to employees. Indirect impact occurs away from the dealership, and takes into account the extended contribution dealerships and their employees make to the Oregon economy.

The indirect economic impact of automotive retailers was estimated by Auto Outlook, Inc. Estimates were based on previous impact studies that relied upon regional input-output economic computer models. Indirect economic estimates in this report are intentionally conservative, and therefore, may underestimate the overall contribution automotive retailers make to the Oregon economy. Auto Outlook, Inc. is a regional automotive market analysis firm providing market research services to automotive dealers. Jeffrey Foltz, the President of Auto Outlook, Inc., obtained a Masters Degree in Economics from the University of Delaware in 1985, and has conducted many research projects analyzing state and regional economies.



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