

**2014  
Economic Impact  
Report**

**The Economic Impact  
of Franchised New Vehicle Dealerships  
on the Vermont Economy**



**Sponsored by:**





## Executive Director's Message



Marilyn B. Miller

Founded in 1945, the Vermont Vehicle and Automotive Distributors Association is dedicated to helping its members realize the full potential of their individual dealerships, while providing the kinds of services and support that only a strong, central organization can generate. VADA encourages and promotes cooperation with government, civic, and consumer groups in promulgating legislation, improving automotive standards, raising industry awareness, providing services to dealer members and the public. The association's primary mission is to promote and protect the automobile business for the good of the dealers it represents and the customers they serve.

Year-in and year-out, motor vehicle dealers continue to positively impact local communities by providing employment opportunities and personal income, economic growth, civic development, and they generate millions of dollars in sales tax revenues.

In 2014, Vermont dealers generated thousands of jobs and collected or paid over \$76 million in local and state taxes. In addition, the new vehicle retailing industry generated over \$330 million in total compensation to Vermont residents, more than 15% of total retail payroll in the state.

VADA members provide a wide range of insurance benefits and innovative on-site wellness and safety training programs for their employees. In conjunction with the Office of the Vermont Attorney General, VADA fully funds and administers a consumer complaint mediation program and a self-policing advertising program.

Since 1985, VADA members have invested over \$1 million in support of secondary and post-secondary education, having created an Associate Degree Program at Vermont Technical College. Working with technical center automotive instructors, VADA provides continuing education and developed a scenario assessment and certification program for automotive students.

Since 1986, VADA members have presented 82 Resusci Anne cardio pulmonary training units to rescue squads, fire departments, and schools to promote life-saving education in communities throughout Vermont. Individual dealers contribute substantially to civic activities in their communities and many serve as local business and civic leaders.

We are proud of our demonstrated ability to work cooperatively with state government in developing creative solutions to problems. We hope this information will be useful to you.

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## Vermont Automobile Dealers

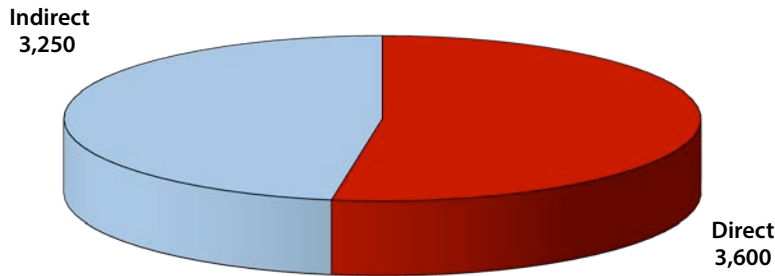
### Vital contributors to the state's economy in 2014:

- Total jobs in Vermont attributable to automotive retailing .....6,850
- Number of jobs per new vehicle dealership .....40
- Total earnings for Vermont residents attributable to dealership operations..... \$330 million
- Average dealership payroll expense (including fringe benefits) .....\$2.38 million
- Total state and local taxes collected or paid .....\$76.4 million
- Total Federal payroll taxes collected or paid .....\$48.9 million
- Total dealership sales (dollars) ..... \$2.3 billion
- Total dealership sales (dollars) as a percent of total retail sales in Vermont..... 14.1%
- Average number of vehicles serviced by dealerships .....15,200
- Average dealership sales (dollars).....\$26.1 million
- Average dealership retail new and used vehicle sales (units) ..... 860 units
- Average dealership expenditures on capital improvements in 2013 and 2014 ..... \$295,000
- Total dealership contributions to charitable causes.....\$1.58 million
- Average dealership advertising expenses ..... \$375,000

# EMPLOYMENT



## Employment Totals for New Vehicle Retailing Industry - 2014 (Direct: at dealerships; Indirect: elsewhere in economy)

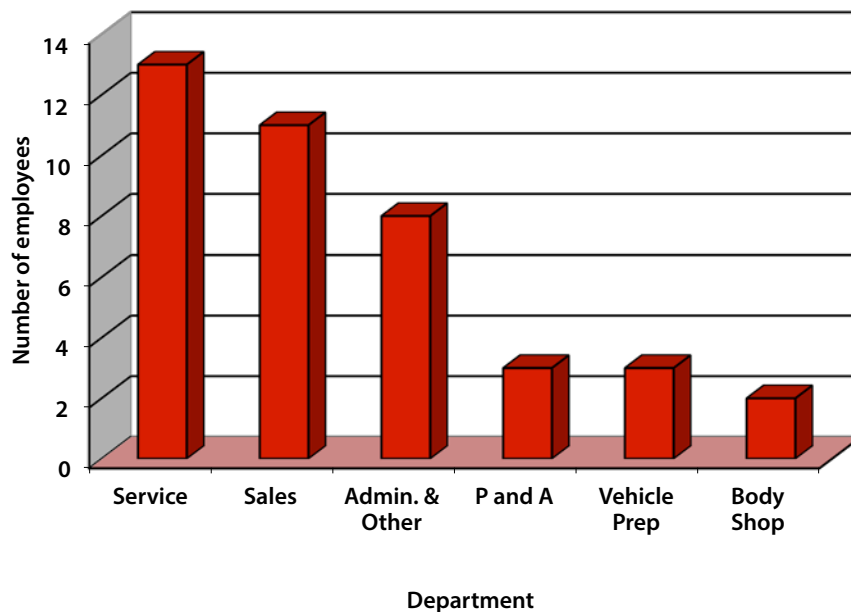


Dealership Contribution to Retail Employment in Vermont - 2012 and 2014			
	2012	2014	% ch.
Total employment resulting from auto dealerships	6,468	6,850	5.9%
Total retail employment in Vermont	37,700	37,900	0.5%
Dealership percentage of State retail employment	17.2%	18.1%	0.90

### Observations

- In 2014, Vermont new vehicle dealerships employed a total of 3,600 individuals.
- An additional 3,250 individuals were employed due to the indirect impact of dealership operations.
- Dealership employment increased by 5.9% from 2012 to 2014.
- Automobile dealership operations accounted for 18.1% of total retail employment in the state. (This included both direct and indirect employment.)

## Dealership Employment by Department



### Observations

- The average dealership in Vermont employed 40 people.
- 32.5% of dealership staff are employed in the Service Department, while 27.5% are in New and Used vehicle sales departments.

Percentage of Dealership Employment by Department	
Service	32.5%
Sales	27.5%
Administration & Other	20.0%
Parts and Accessories	7.5%
Vehicle Prep	7.5%
Body Shop	5.0%
TOTAL	100.0%

# PAYROLL AND TAXES



## Employee Compensation Due to New Vehicle Retailing Industry

Industry	Direct		Indirect		TOTAL		
	2012	2014	2012	2014	2012	2014	% ch.
Payroll	\$170,200,000	\$186,750,000	\$91,057,000	\$101,218,500	\$261,257,000	\$287,968,500	10.2%
Fringe Benefits	\$25,760,000	\$27,450,000	\$13,781,600	\$14,877,900	\$39,541,600	\$42,327,900	7.0%
<b>TOTAL</b>	<b>\$195,960,000</b>	<b>\$214,200,000</b>	<b>\$104,838,600</b>	<b>\$116,096,400</b>	<b>\$300,798,600</b>	<b>\$330,296,400</b>	<b>9.8%</b>

Average Dealership Payroll			
	2012	2014	% change
Payroll	\$1,850,000	\$2,075,000	12.2%
Fringe Benefits	\$280,000	\$305,000	8.9%
<b>TOTAL</b>	<b>\$2,130,000</b>	<b>\$2,380,000</b>	<b>11.7%</b>

### Observations

- In 2014, the average Vermont dealership paid \$2,380,000 to its employees (including fringe benefits), up 11.7% from 2012. Including both direct and indirect sources, the new vehicle retailing industry resulted in over \$330 million of total compensation to Vermont residents!

## Tax Revenue Generation - 2012 and 2014

Tax Category	Average Per Dealer		Auto Retailing Industry Total		
	2012	2014	2012	2014	% change
Purchase and Use Taxes Collected	\$595,000	\$655,000	\$54,740,000	\$58,950,000	7.7%
State and Local Payroll Taxes	\$92,000	\$106,000	\$8,464,000	\$9,540,000	12.7%
Real Estate Taxes	\$63,000	\$69,000	\$5,796,000	\$6,210,000	7.1%
Other (includes State Equipment Tax)	\$17,500	\$18,500	\$1,610,000	\$1,665,000	3.4%
<b>Vermont Total</b>	<b>\$767,500</b>	<b>\$848,500</b>	<b>\$70,610,000</b>	<b>\$76,365,000</b>	<b>8.2%</b>
Federal Payroll Taxes	\$472,000	\$543,000	\$43,424,000	\$48,870,000	12.5%

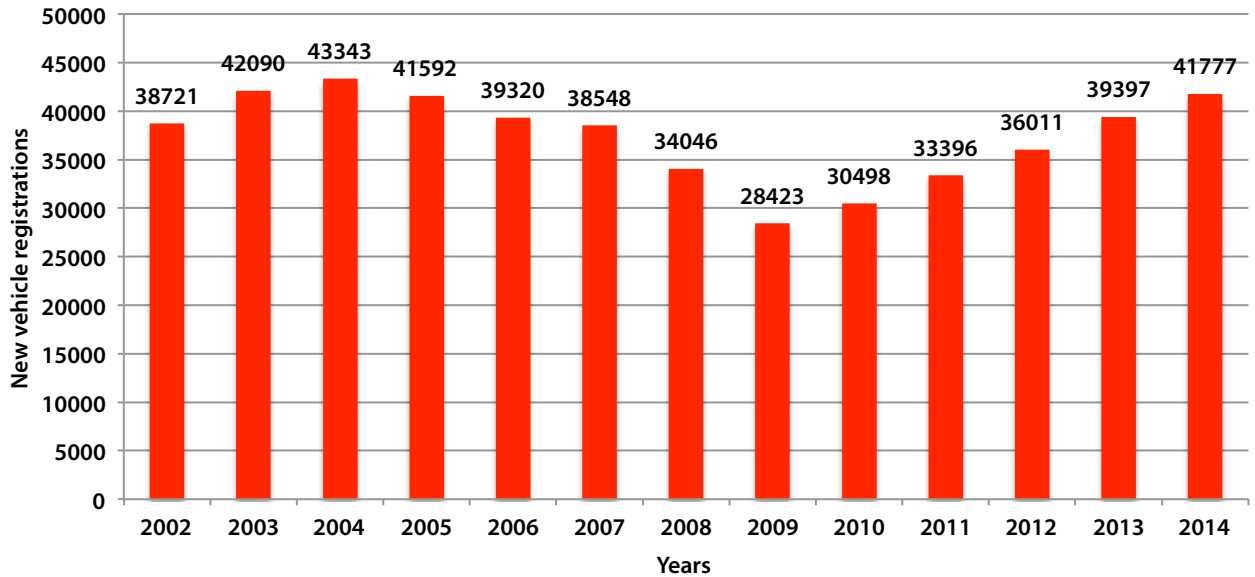
### Observations

- In 2014, new franchised automobile dealerships in Vermont collected or paid more than \$76 million in State and Local taxes, an average of over \$848,000 per dealership. Total taxes collected or paid by the industry increased 8.2% from 2012 to 2014.

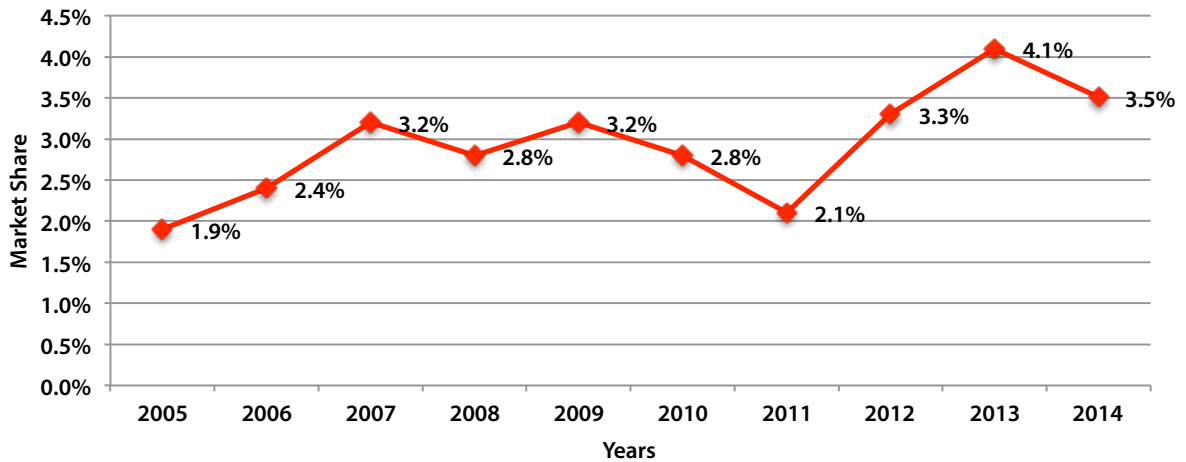
# VERMONT MARKET SUMMARY



## New Retail Car and Light Truck Registrations in Vermont - 2002 thru 2014



## Alternative Powertrain Market Share in Vermont



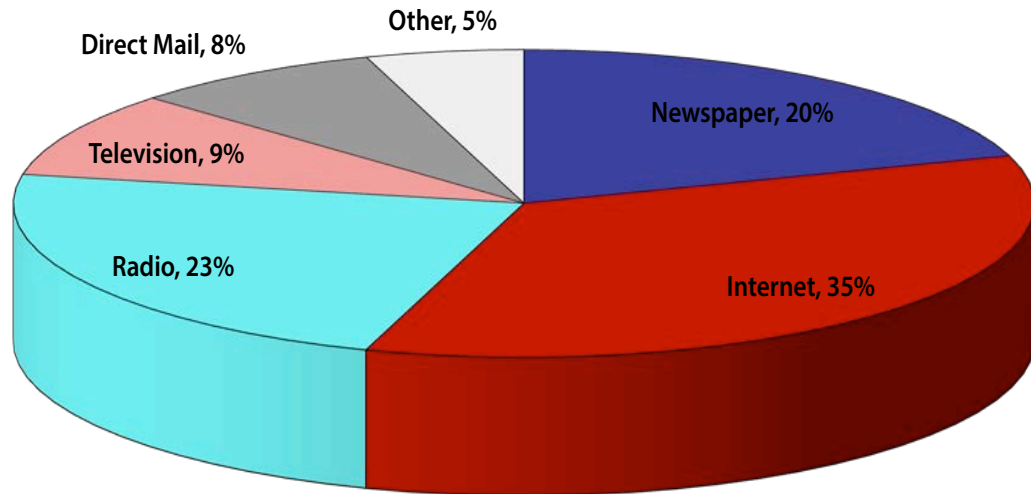
### Observations

- As shown on the top graph, combined new retail car and light truck registrations in Vermont declined between 2004 and 2009, but have increased in each of the past five years.
- The lower graph shows market share for alternative powertrain vehicles (hybrid and electric) in Vermont. Market share reached 4.1% in 2013. (Source: AutoCount data from Experian Automotive.)

# ADVERTISING AND DEALERSHIP PROFILE



## Percentage of Dealership Advertising Spending by Media Type - 2014



### Observations

- New vehicle dealerships in Vermont had advertising expense of over \$33.7 million in 2014.
- 35% of dealership advertising expenditures were devoted towards the Internet, while 20% was spent on newspaper advertising.

### Quick Facts on Vermont Automotive Retailing

#### Dealership Financial Summary

- Average dealership total sales during 2014: \$26.1 million, up 19.7% from 2012.
- Average dealership expenditures on capital improvements during 2013 and 2014 combined: \$295,000.
- Average dealership contributions to charitable causes during 2014: \$17,600.
- Number of vehicles serviced by average dealership during 2014: 15,200

#### Dealership Vehicle Sales Summary

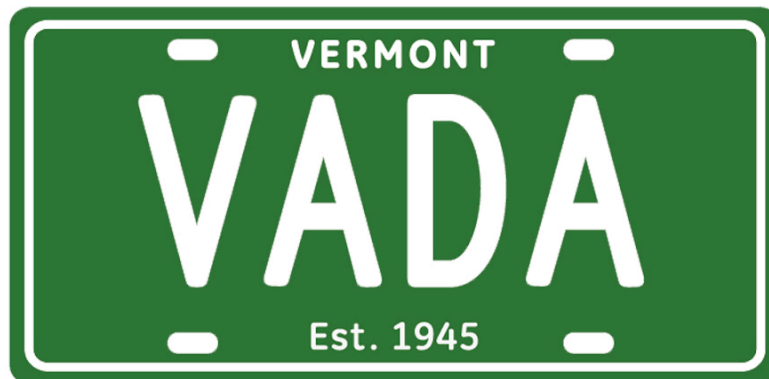
- Average dealership new and used vehicle sales during 2014: 860 units.
- Percentage of new retail vehicle sales leased by customers during 2014: 31%.

## Background and 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 Vermont. The response rate (44% 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 Vermont 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 Vermont 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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