

SIGNIFICANT POINTS

- Most jobs in automobile dealers offer above-average earnings, but require only 2 years of postsecondary training or less.
- Automobile dealers are expected to decline in number but increase in size, as consolidation continues in the industry.
- Employment growth is expected to be average but sensitive to downturns in the economy.

Nature of the Industry

Automobile dealers are the bridge between automobile manufacturers and the U.S. consumer. *New car dealers* are primarily engaged in retailing new cars, sport utility vehicles, and passenger and cargo vans. New car dealers employ more than 9 out of 10 workers in the industry. Most new car dealers sell these new vehicles in combination with other activities, such as repair services, retailing used cars, and selling replacement parts and accessories. These dealer offer one-stop shopping for customers who wish to buy, finance, and service their next vehicle. On the other hand, stand-alone *used car dealers* specialize in used vehicle sales and account for only 1 out of 10 jobs in the industry.

Sales of new cars, trucks, and vans depend on changing consumer tastes, popularity of the manufacturers' vehicle models, and the intensity of competition with other dealers. The business cycle greatly affects automobile sales—when the economy of the Nation is declining, car buyers may postpone purchases of new vehicles and, conversely, when the economy is growing and consumers feel more financially secure, vehicle sales increase. Consumers are also highly sensitive to the cost of borrowing. Automotive dealers are more likely to offer generous incentives, rebates, and financing deals during slow periods in order to maintain high sales volumes and lean inventories.

According to the National Automobile Dealers Association, new vehicle sales account for over half of total franchised new-car and -truck dealer sales. These sales spawn additional revenue in other departments of new car dealers. By putting new vehicles on the road, dealers can count on aftermarket additions, new repair and service customers, and future used vehicle trade-ins.

The aftermarket sales department in new car dealers sells additional services and merchandise after the new vehicle salesperson has closed a deal. Aftermarket sales workers sell service contracts and insurance to new and used car buyers and arrange financing for their purchase. Representatives offer extended warranties and additional services, such as undercoat sealant and environmental paint protection packages, to increase the revenue generated for each vehicle sold.

Car and truck leasing arrangements are another financing option for consumers. Leasing services have grown in recent years to accommodate changing consumer purchasing habits. As vehicles have become more costly, growing numbers of consumers are unable or reluctant to make the long-term investment entailed

in the purchase of a new car or truck. Leasing provides an alternative to high initial investment costs while typically yielding lower monthly payments.

Service departments in automobile dealers provide automotive repair services and sell accessories and replacement parts. Most service only cars and small trucks, but a small number service large trucks, buses, and tractor-trailers. Some dealers also have body shops to do collision repair, refinishing, and painting. The work of the service department has a major influence on customers' satisfaction and willingness to purchase future vehicles from the dealer.

The used car sales department of new car dealers sells trade-ins and former rental and leased cars, trucks, and vans. Because new car prices continue to increase faster than used car prices, used cars have become more popular among customers. Also, innovative technology has increased the durability and longevity of new cars, resulting in higher quality used cars. In recent years, the sale of used cars has become a major source of profits for many new car dealers in the wake of decreasing margins for new cars. In fact, some luxury vehicle manufacturers promote "certified pre-owned" vehicles to customers who may be unable to afford new vehicles of a particular make. In economic downturns, the demand for these and other used cars often increases as sales of new cars decline.

Stand-alone used car dealers range from small, one-location stores to large, nationwide superstores, which have increased in popularity over the last decade. Like the used car departments of new car dealers, they also capitalize on increased demand for used cars and relatively large profits on sales of previously owned cars, trucks, and vans. Some of the larger stores offer low-hassle sales on large inventories of these popular vehicles. Such dealers typically contract out warranty and other service-related work to other dealers or to satellite service facilities. Growth in leasing agreements and rental companies will continue to provide quality vehicles to these dealers, thus providing for future employment growth in the used car market.

Automobile dealers increasingly use the Internet to market new and used cars. Through websites, consumers can easily access vehicle reviews, and compare models, features, and prices. Many web sites also allow consumers to research insurance, financing, leasing, and warranty options. This results in a more informed consumer and may decrease the amount of face time needed with salespersons.

Working Conditions

Employees in automobile dealers work longer hours than do those in most other industries. About 85 percent of automobile dealer employees worked full time in 2002, and about 40 percent worked more than 40 hours a week. To satisfy customer service needs, many dealers provide evening and weekend service. The 5-day, 40-hour week usually is the exception, rather than the rule, in this industry.

Most automobile salespersons and administrative workers spend their time in dealer showrooms; individual offices are a rarity. Multiple users share limited office space that may be cramped and sparsely equipped. The competitive nature of selling is stressful to automotive salespersons, as they try to meet company sales quotas and personal earnings goals. Compared with that for all occupations in general, the proportion of workers who transfer from automotive sales jobs to other occupations is relatively high.

Service technicians and automotive body repairers generally work indoors in well-ventilated and well-lighted repair shops. However, some shops are drafty and noisy. Technicians and repairers frequently work with dirty and greasy parts, and in awkward positions. They often lift heavy parts and tools. Minor cuts, burns, and bruises are common, but serious accidents are avoided when the shop is kept clean and orderly and safety practices are observed. Despite hazards, precautions taken by dealers to avoid and prevent injuries have kept the workplace relatively safe. In 2002, there were 5.5 cases of work-related injuries and illnesses per 100 full-time workers in the new and used car dealers industry, close to the national average of 5.3 cases. Separately, used car dealers reported only 2.6 cases of work-related injuries and illnesses per 100 full-time workers—well below the national average.

Employment

Automobile dealers provided about 1.2 million wage and salary jobs in 2002. An additional 55,000 self-employed persons worked in this industry. Sales, installation, maintenance, and repair workers shared two-thirds of wage and salary employment. The remaining third primarily were management, administrative support, transportation, and material-moving positions.

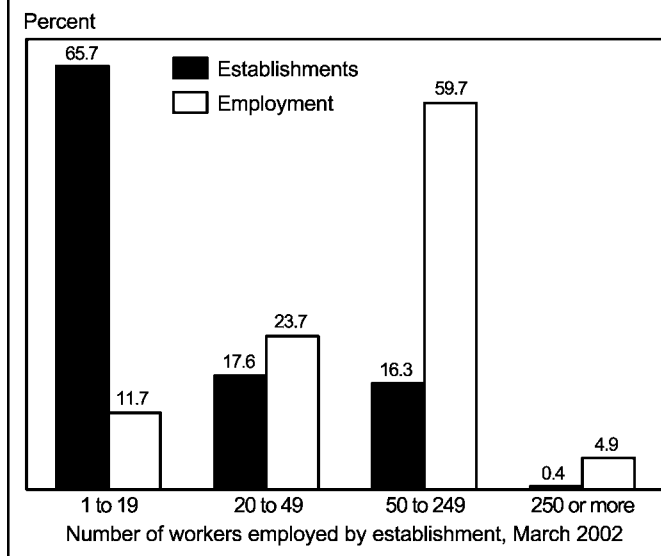
Since 1950, the trend in this industry has been toward consolidation. Franchised dealers have decreased in number while their sales volume has increased. Larger dealers can offer more services, typically at lower costs to the dealer and the customer. Over half of jobs in automobile dealers were in establishments employing between 50 and 249 workers (chart). On average, automobile dealers had nearly 25 employees per establishment, compared with an average of about 14 employees in all retail businesses.

Occupations in the Industry

The number of workers employed by automobile dealers varies significantly depending on dealer size, location, makes of vehicles handled, and distribution of sales among departments. Table 1 indicates that the majority of workers in this industry were in sales, repair, and administrative support occupations.

Sales and related occupations are among the most important occupations in automobile dealers. Their success in selling ve-

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hicles and services determines the success of the dealer. *Automotive retail salespersons* usually are the first to greet customers and determine their interests through a series of questions. Before entering the dealer, many customers use the Internet to research and compare vehicle prices, features, and options. Salespersons then explain and demonstrate the vehicle's features in the showroom and on the road. Working closely with automotive *sales worker supervisors* and their customers, they negotiate the final terms and price of the sale. Automotive salespersons must be tactful, well-groomed, and able to express themselves well. Their success in sales depends upon their ability to win the respect and trust of prospective customers.

Installation, maintenance, and repair occupations are another integral part of automobile dealers. *Automotive service technicians and mechanics* service, diagnose, adjust, and repair automobiles and light trucks with gasoline engines, such as vans and pickups. *Automotive body and related repairers* repair and finish vehicle bodies, straighten bent body parts, remove dents, and replace crumpled parts that are beyond repair. *Shop managers* usually are among the most experienced service technicians. They supervise and train other technicians to make sure that service work is performed properly. *Service managers* oversee the entire service department and are responsible for the department's reputation, efficiency, and profitability. Increasingly, service departments use computers to increase productivity and improve service workflow by scheduling customer appointments, troubleshooting technical problems, and locating service information and parts.

Service advisors handle the administrative and customer relations part of the service department. They greet customers, listen to their description of problems or service desired, write repair orders, and estimate the cost and time needed to do the repair. They also handle customer complaints, contact customers when technicians discover new problems while doing the work, and explain to customers the work performed and the charges associated with the repairs.

In support of the service and repair department, *parts salespersons* supply vehicle parts to technicians and repairers. They also sell replacement parts and accessories to the public. *Parts managers* run the parts department and keep the automotive parts inventory. They display and promote sales of parts and accessories and deal with garages and other repair shops seeking to purchase parts.

Office and administrative support workers handle the paperwork of automobile dealers. *Bookkeeping, accounting, and auditing clerks; general office clerks; and secretaries and administrative assistants* prepare reports on daily operations, inventory, and accounts receivable. They gather, process, and record information; and perform other administrative support and clerical duties. *Office managers* organize, supervise, and coordinate administrative operations. Many office managers also are responsible for collecting and analyzing information on each department's financial performance.

Transportation and material-moving occupations account for about 11 percent of jobs in automobile dealers. *Cleaners of vehicles and equipment* prepare new and used cars for display in the showroom or parking lot and for delivery to customers. They may wash and wax vehicles by hand and perform simple services such as changing a tire or battery. *Truckdrivers* operate light delivery trucks to pick up and deliver automotive parts. Some drive tow trucks that bring damaged vehicles to the dealer for repair.

Management jobs often are filled by promoting workers with years of related experience. For example, most *sales managers* start as automotive salespersons. *Sales managers* hire, train, and supervise the dealer's sales force. They are the lead negotiators in all transactions between sales workers and customers. Most advance to their positions after success as salespersons. They review market analyses to determine consumer needs, estimate volume potential for various models, and develop sales campaigns.

General and operations managers are in charge of all dealer operations. They need extensive business and management skills, usually acquired through experience as a manager in one or more of the dealer departments. Dealer performance and profitability ultimately are up to them. General managers sometimes have an ownership interest in the dealer.

Training and Advancement

Requirements for many jobs vary from dealer to dealer. To find out exactly how to qualify for a specific job, ask the dealer or manager in charge. A substantial number of jobs require no postsecondary education—more than half of all workers in the industry have no formal education beyond high school. In today's competitive job market, however, nearly all dealers demand a high school diploma. Courses in automotive technology are important for service jobs, as well as a basic background in business, electronics, mathematics, computers, and science. Sales workers require strong communication skills to deal with the public because they represent the dealer.

Most new salespersons receive extensive on-the-job training, beginning with mentoring from sales managers and experienced sales workers. In large dealers, beginners receive several days of classroom training to learn the models for sale, methods

for approaching prospective customers, negotiation techniques, and ways to close sales. Some manufacturers furnish training manuals and other informational materials for sales workers. Managers continually guide and train sales workers, both on the job and at periodic sales meetings.

Table 1. Employment of wage and salary workers in automobile dealers by occupation, 2002 and projected change, 2002-12
(Employment in thousands)

Occupation	Employment, 2002		Percent change, 2002-12
	Number	Percent	
All occupations	1,250	100.0	12.6
Management, business, and financial occupations	101	8.1	24.4
General and operations managers	31	2.5	20.6
Sales managers	22	1.8	34.5
Financial managers	19	0.8	24.0
Service occupations	18	1.4	17.2
Janitors and cleaners, except maids and housekeeping cleaners	12	1.0	17.8
Sales and related occupations	448	35.9	12.4
First-line supervisors/managers of retail sales workers	51	4.1	17.2
Cashiers, except gaming	21	1.7	15.3
Counter and rental clerks	27	2.2	24.0
Parts salespersons	66	5.3	-0.8
Retail salespersons	266	21.2	12.6
Office and administrative support occupations	198	15.8	7.4
First-line supervisors/managers of office and administrative support workers	17	1.4	5.4
Bill and account collectors	7	0.5	23.4
Billing and posting clerks and machine operators	10	0.8	11.6
Bookkeeping, accounting, and auditing clerks	36	2.8	5.4
Customer service representatives	11	0.9	24.0
Receptionists and information clerks	11	0.9	24.0
Secretaries and administrative assistants	14	1.1	0.1
Office clerks, general	39	3.1	8.0
Installation, maintenance, and repair occupations	339	27.1	12.9
First-line supervisors/managers of mechanics, installers, and repairers ..	32	2.6	14.9
Automotive body and related repairers	47	3.7	11.6
Automotive service technicians and mechanics	227	18.2	11.6
Bus and truck mechanics and diesel engine specialists	9	0.7	19.3
Helpers—Installation, maintenance, and repair workers	13	1.1	24.0
Transportation and material moving occupations	137	11.0	10.1
Truck drivers, light or delivery services	19	1.5	14.9
All other motor vehicle operators	10	0.8	24.0
Cleaners of vehicles and equipment	76	6.1	7.1
Laborers and freight, stock, and material movers, hand	11	0.9	1.9

NOTE: May not add to totals due to omission of occupations with small employment.

Some service technicians and repairers may begin as apprentices or trainees, helpers, or lubrication workers. They work under close supervision of experienced technicians, repairers, and service managers. Even though beginners may be able to perform routine service tasks and make simple repairs after a few months on the job, they usually need 1 to 2 years of experience to acquire enough skills to become a certified service technician.

Automotive technology is rapidly increasing in sophistication, and dealers prefer to hire graduates of postsecondary automotive training programs for trainee positions. Graduates of such programs often earn promotion to the journey level after only a few months on the job. Most community and junior colleges and vocational and technical schools offer postsecondary automotive training programs leading to an associate degree in automotive technology or auto body repair. They generally provide intense career preparation through a combination of classroom instruction and hands-on practice. Good reading and basic math skills also are required to study technical manuals, keep abreast of new technology, and learn new service and repair techniques.

Various automotive manufacturers and their participating dealers sponsor 2-year associate degree programs at postsecondary schools across the Nation. Students in these programs typically spend alternate 10- to 12-week periods attending classes full time and working full time in the service departments of sponsoring dealers. Dealers increasingly send experienced technicians to factory training centers to receive special training in the repair of components, such as electronic fuel injection or air-conditioning. Factory representatives also visit many shops to conduct short training sessions.

Workers need years of experience in sales, service, or administration to advance to management positions in dealers. Employers increasingly prefer persons with 4-year college degrees in business administration and marketing, particularly in dealers that are larger, more competitive, and more efficient. Some motor vehicle manufacturers offer management training classes and seminars.

Earnings

Average weekly earnings of nonsupervisory workers in automobile dealers were \$619 in 2002, substantially higher than the average for retail trade (\$361), as well as that for all private industry (\$506). Earnings vary depending on occupation, experience, and the dealer's geographic location and size. Earnings in selected occupations in automobile dealers appear in table 2.

Most automobile sales workers are paid on a commission-only basis. Commission systems vary, but dealers often guarantee new salespersons a modest salary for the first few months until they learn how to sell vehicles. Many dealers also pay experienced, commissioned sales workers a modest weekly or monthly salary to compensate for the unstable nature of sales. Dealers, especially larger ones, also pay bonuses and have special incentive programs for exceeding sales quotas. With increasing customer service requirements, some dealers and manufacturers have adopted a noncommissioned sales force paid entirely by salary.

Most automotive service technicians and mechanics receive a commission related to the labor cost charged to the customer.

Their earnings depend on the amount of work available and completed.

In 2002, relatively few workers in automobile dealers, less than 4 percent, were union members or were covered by union contracts, compared with about 15 percent of workers in all industries.

Outlook

Wage and salary jobs in automobile dealers are projected to increase 13 percent over the 2002-12 period, compared with projected growth of about 16 percent for all industries combined. Growth in automobile dealers strongly reflects consumer confidence and purchasing habits. The structure of dealers, the strength of the Nation's economy, and trends in consumer preferences will influence the employment outlook for this industry.

Over the 2002-12 period, population growth will increase demand for passenger cars and employment in automobile dealers. Growth of the labor force and in the number of families in which both spouses need vehicles to commute to work will contribute to increased vehicle sales and employment in this industry. As personal incomes continue to grow, greater numbers of persons will be able to afford the luxury of owning multiple vehicles, which also should increase sales. However, the penchant for the public to keep vehicles for many more years than in the past may have a dampening effect on motor vehicle sales. New and used car dealers may also face increasing competition from online electronic auctions that facilitate consumer-to-consumer and business-to-consumer trade in new and used goods, including vehicles.

The trend towards dealer consolidation should have a minimal effect on the industry because of continued demand for vehicles and related services. Dealers will always need well-qualified people to work in the various departments of the dealer. In an effort to achieve greater financial and operational efficiency and flexibility, greater emphasis will be placed on aftermarket services, such as financing and vehicle service and repair.

Growth in leasing agreements and rental companies will continue to provide quality vehicles to the used car market, thus providing for future employment growth. Some large used car

Table 2. Median hourly earnings of the largest occupations in automobile dealers, 2002

Occupation	Automobile dealers	All industries
General and operations managers	\$42.84	\$32.80
First-line supervisors/managers of retail sales workers	29.96	14.28
First-line supervisors/managers of mechanics, installers, and repairers	23.48	22.87
Retail salespersons	18.25	8.51
Automotive service technicians and mechanics	17.66	14.71
Automotive body and related repairers	16.96	15.71
Parts salespersons	14.41	11.51
Bookkeeping, accounting, and auditing clerks	12.20	13.16
Office clerks, general	10.16	10.71
Cleaners of vehicles and equipment	8.61	8.20

dealers offer low-hassle sales on large inventories of popular vehicles. Such dealers typically contract out warranty and other service-related work to other dealers or to satellite service facilities, reducing the demand for workers in these departments.

The need to replace workers who retire or transfer to other occupations will result in many job openings for sales workers in automobile dealers. In addition, as consumers' expectations and demands continue to increase, dealers will seek more highly educated salespersons. Persons who have a college degree and previous sales experience should have the best opportunities. If alternative sales techniques and compensation systems, such as using salaried noncommissioned sales professionals, become more common, the greater income stability may lead to less turnover of sales jobs.

Opportunities in the service and repair sectors of this industry should be plentiful, especially for persons who complete formal automotive service technician training. The growing complexity of automotive technology increasingly requires highly trained service technicians to service vehicles. Most persons who enter service and repair occupations may expect steady work because changes in economic conditions have little effect on this part of the dealer's business.

Opportunities in management occupations will be best for persons with college degrees and those with considerable industry experience. However, consolidation of dealers will slow

the growth of managerial jobs. Competition for managerial positions will remain relatively keen.

Sources of Additional Information

For more information about work opportunities, contact local automobile dealers or the local offices of the State employment service. The latter also may have information about training programs.

For additional information about careers and training in the automobile dealers industry, write to:

- National Automobile Dealers Association, 8400 Westpark Dr., McLean, VA 22102.
Internet: <http://www.nada.org>

More information on the following occupations may be found in the 2004-05 edition of the *Occupational Outlook Handbook*:

- Advertising, marketing, promotions, public relations, and sales managers
- Automotive body and related repairers
- Automotive service technicians and mechanics
- Retail salespersons
- Sales worker supervisors