

# The Economic Impact of Franchised New Vehicle Dealers on the Pittsburgh Area Economy



**Confidential 2004 Report**  
**Compiled from 2003 Data**  
**February 26, 2004**

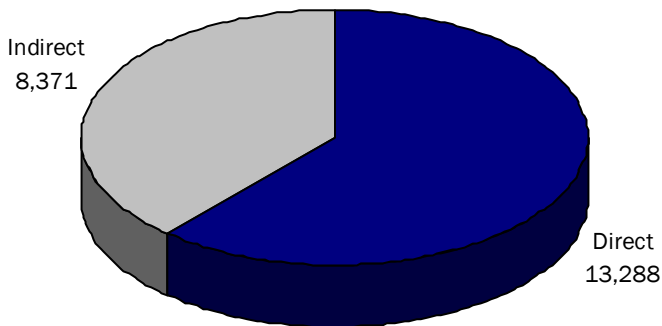
**Study Sponsored by**  
**Pittsburgh Automobile**  
**Trade Association**

## INTRODUCTION

This report provides a summary of the significant impact that new franchised automobile dealers have on the Pittsburgh Area economy. It includes estimates of direct and indirect employment, personal income, and tax collections during 2003. Indirect impacts account for the residual contribution that occurs as a result of dealership operations (frequently referred to as the "multiplier effect"). This report was prepared by Auto Outlook, Inc., an independent automotive market analysis firm, and is sponsored by the Pittsburgh Automobile Trade Association. Contact information is listed on the back cover.

## EMPLOYMENT

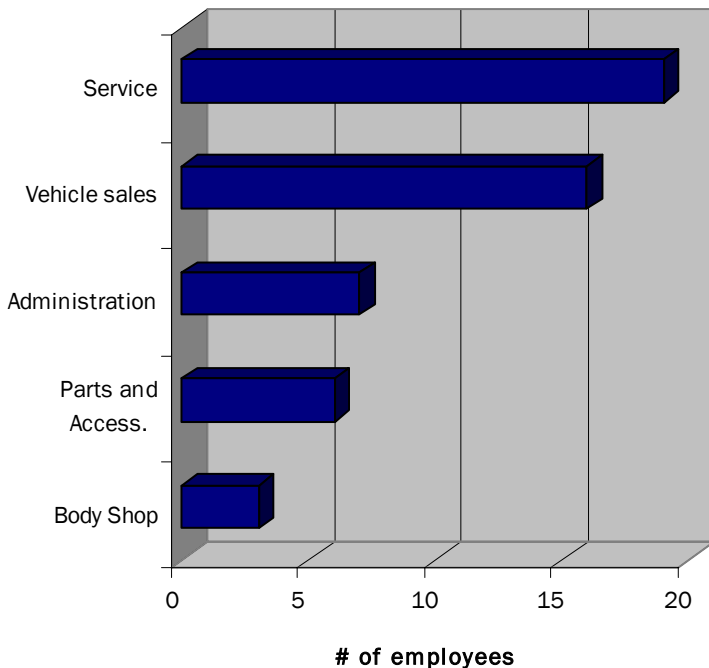
### Employment Total for New Vehicle Retailing Industry (Direct: at dealerships; Indirect: elsewhere in economy)



### Dealership Contribution to Area Retail Employment

Total employment resulting from auto dealerships	21,659
Total retail employment in the area	146,000
<b>Dealership % of retail area total</b>	<b>14.8%</b>

### Average Number of Dealership Employees by Department



**NOTES** Automobile dealerships in the Pittsburgh Area employed a total of 13,288 individuals, with an additional 8,371 positions resulting from the indirect economic impacts. The average dealership employed 44 people.

## PRIMARY CONCLUSIONS

- During 2003, franchised new vehicle dealerships in the area generated a total of over 21,600 jobs.
- Pittsburgh Area residents earned over \$829 million as a result of automotive dealership operations.
- Average dealership payroll exceeded \$2.1 million.
- Dealerships collected or paid a total of over \$321 million in state and local taxes.
- Automobile dealerships spent a total of over \$123 million on advertising during 2003.
- Franchised new vehicle dealerships in the area had total sales of over \$8.6 billion in 2003.
- Average dealership sales exceeded \$28.5 million.
- Collectively, automobile dealers contributed over \$5 million to charitable causes.

## PAYROLL

### Employee Compensation

Total payroll (including fringe benefits) for AVERAGE dealership in Pittsburgh Area	\$2,112,000
<i>Times</i>	
Total number of franchised new vehicle dealerships in Pittsburgh Area	302
<i>Equals</i>	
<b>TOTAL EMPLOYEE COMPENSATION AT DEALERSHIPS</b>	<b>\$637,824,000</b>
<i>Plus</i>	
Additional indirect employee compensation resulting from dealership operations	\$191,347,200
<i>Equals</i>	
<b>TOTAL EMPLOYEE COMPENSATION TO AREA RESIDENTS DUE TO NEW FRANCHISED DEALERSHIP INDUSTRY</b>	<b>\$829,171,200</b>

### NOTES

The average new franchised automobile dealership in the Pittsburgh Area had payroll of over \$2,100,000. Payroll for the new vehicle retailing industry was over \$637 million, with the total (including indirect impact) approaching \$830 million.

## DEALERSHIP QUICK FACTS

### Dealership Financial Summary

Average dealership sales: \$28,560,000

Average dealership contributions to charitable causes: \$17,000

Average dealership advertising expense: \$410,000

Number of vehicles serviced by average dealership: 13,100

### Dealership Vehicle Sales Summary

Average dealership retail new vehicle sales: 490 units

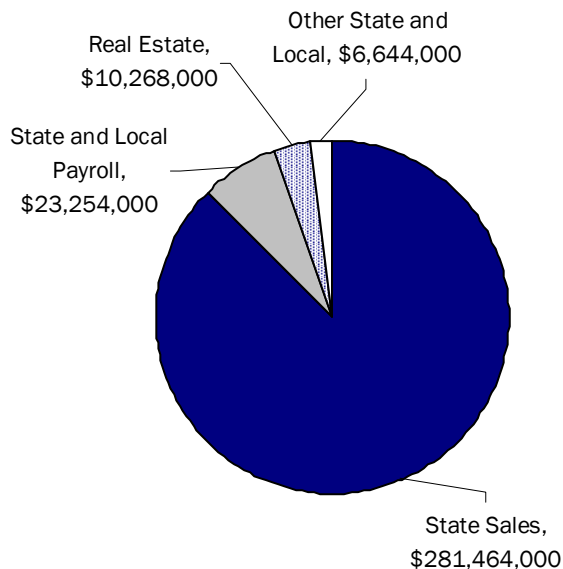
Average dealership retail used vehicle sales: 430 units

### NOTES

Shown is a summary of average dealership financial statistics and vehicle sales results during 2003.

## TAX REVENUE

### State and Local Taxes Collected and/or Paid by Dealerships



**Total Dealership State and Local Tax Revenue Generation** **\$321,630,000**

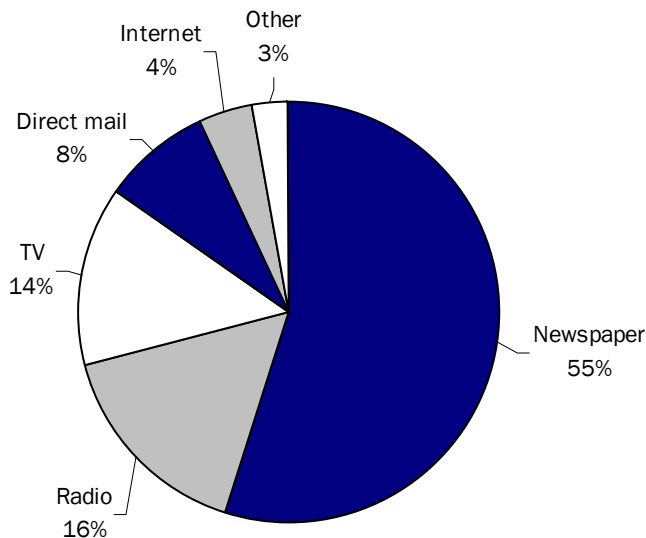
### Federal Tax Summary for All Dealerships

Federal Payroll Taxes	\$169,724,000
Federal Business Income Taxes	\$9,362,000
<b>TOTAL</b>	<b>\$179,086,000</b>

**NOTES** Automobile dealerships collected or paid a total of over \$321 million in state and local taxes during 2003. State sales tax revenue exceeded \$281 million. Federal tax revenue generated by dealerships approached \$180 million.

## ADVERTISING

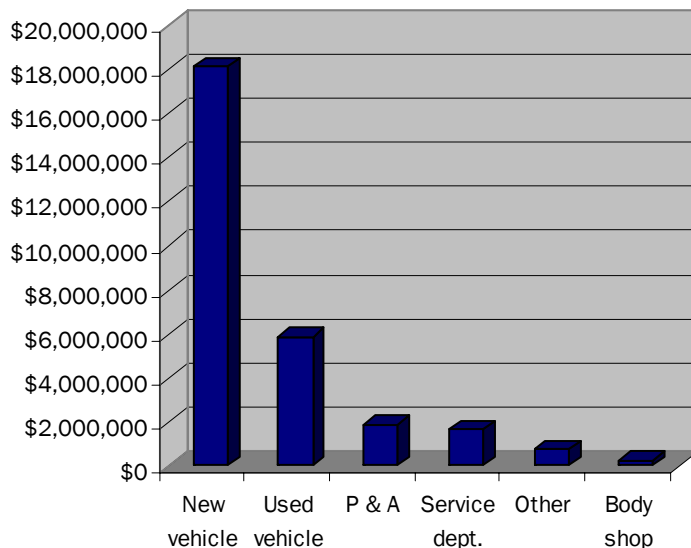
### Percentage of Dealership Advertising Expense by Media



**NOTES** Automobile dealerships spent a total of over \$123 million on advertising during 2003. (This total does not include mandatory dealership contributions to manufacturer subsidized advertising programs.)

## DEALERSHIP SALES

### Average Dealership Sales by Department (\$'s)



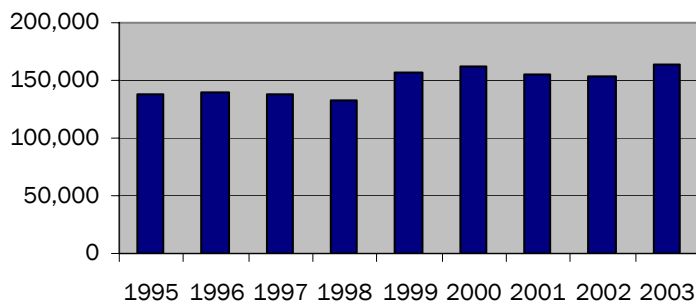
### Dealership Sales Summary

Average Dealership Sales	\$28,560,000
<b>TOTAL AUTOMOTIVE RETAILING SALES IN PITTSBURGH AREA</b>	<b>\$8,625,120,000</b>

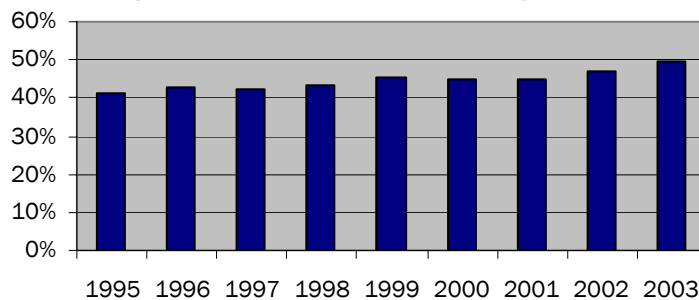
**NOTES** New franchised automobile dealers in the Pittsburgh Area had total sales exceeding \$8.6 billion during 2003. Average dealership sales exceeded \$28 million, with the new vehicle department accounting for nearly two thirds of the total.

## NEW VEHICLE MARKET REVIEW

### New Retail Light Vehicle Registrations in Pittsburgh Area



### Light Truck Market Share in Pittsburgh Area



**NOTES** New retail registrations of cars and light trucks in the Pittsburgh Area have exceeded 150,000 units from 1999 through 2003. Light truck market share in the area has increased from 41% in 1995 to 50% in 2003.

# **PATA –Representing Pittsburgh Area Automotive Retailers**

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

The Pittsburgh Automobile Trade Association was formed over 80 years ago to represent the interests of new car and truck dealers in the area. Its 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 Pittsburgh Area residents, and are an important component of the area's economy. Area franchised new vehicle dealers are very proud of their contributions to economic growth and development in the Pittsburgh Area.

Sincerely,

David Wagner

Executive Vice President/CEO

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## **Study sponsored by**

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