

Automotive News

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More dealership employees = more sales?

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Japanese-brand auto dealerships added 11,894 employees in the United States last year, according to a recent report from the Japan Automobile Manufacturers Association in Washington.

JAMA's numbers are sometimes called into question -- such as when auto dealership workers are included in total U.S. employment figures for Japan's automakers. That won't fly.

But this statistical tidbit from the organization about Japanese-brand retail employment growth sparks a thought or two. Specifically: Did it matter?

And the answer appears to be yes.

Japanese automakers' U.S. market share rose to 36.9 percent in 2012 from 34.9 percent in 2011.

Japanese-brand sales were up, but that's arguably a reflection of the market. The fact that Japanese automakers' combined market share was up for the year indicates that they are doing something right, resulting in dealership activity.

Did lots of new Japanese-brand retail stores open in 2012 to explain the nearly 12,000-employee increase?

No. To the contrary, mostly because of the closing of Suzuki stores across the country, there were fewer Japanese-brand dealerships at the end of 2012 than at the end of 2011. And even without Suzuki, the number of Japanese stores declined a tiny bit. And for perspective, nowhere in the Japanese universe did anyone open scads of new stores. The Toyota Group, which rocketed back from 2011 difficulties, added a grand total of three franchises in 2012 -- and they were all Lexus stores. Nissan, which has been adding market share for a few years, increased by only five stores net. Acura added three.

The resulting increase of 11,894 employees meant that the average store head count went from 53.2 people in 2011 to 57.7 in 2012. That works out to an average of 16.3 sales per employee last year -- up from 14.1 sales per person in 2011.

What else are extra people going to do around the showroom but sell cars, arrange financing, replace brake pads or tend to online sales queries?

The conclusion is so obvious it's almost funny.

Opening more dealerships doesn't necessarily stir up business. Japan's automakers had fewer U.S. stores last year. Buildings don't sell and service cars. It takes people to do that. And the more consumers venture forth to shop and buy, the more personnel it takes to turn it into business.

