

Average UK Car Retailer Profitability – November 2021

Historical trend smashed as retailers post record November profits

14 key ratios	Rolling 12 months Nov 2021	Movement on prior month	Rolling 12 months Nov 2020	Benchmark
Net profit as % sales	2.59%	↑	0.95%	3.0%
Overhead absorption	58.9%	↑	52.4%	80%
Used: new sales	1.15:1	↑	1.56:1	1.5:1
Vehicle sales expenses as % gross	54.0%	↓	65.9%	50%
Sales per sales executive	129	↑	141	150
Used vehicle stockturn (days)	53.2	↓	63.0	45
Return on used car investment	78.8%	↓	81.7%	100%
Overall labour efficiency	84.9%	↑	85.9%	100%
Service gross profit % on labour	72.4%	↓	74.5%	75%
Service expenses as % gross	58.0%	↑	61.5%	40%
Hours per retail job card	1.67	↑	1.56	2.5
Parts gross profit %	21.4%	↓	20.3%	22%
Parts expenses as % gross	38.5%	↓	44.9%	40%
Parts stockturn	10.2	↑	7.83	8.00



Retailers make £50,000 in October

November is historically a difficult month for UK motor retailers, falling in the middle of a quarter and towards the end of the year. Retailers smashed that historical trend, posting a net profit of just under £50,000 for the month.



Rolling 12 month return on sales rises to 2.59%

The return on sales percentage continued its climb in November, coming in just under 2.6%. When we close the December results 2021 will definitely produce a record-breaking average retailer return on sales performance.



Aftersales returning to historical norms

During November we saw falls in overall labour efficiency and the labour gross profit percentage as the work mix returned to historical levels, furlough fell away and labour price inflation hit. Retailers will need to increase charge-out rates to compensate.



Better balanced businesses drive profit

Looking at the comparative performance the improvements in overhead absorption and vehicle sales expenses as a percentage of gross profit have been the key drivers behind the overall profit improvement. Keeping these gains will be vital for 2022.

The ASE Key Ratios are a simple way to benchmark performance and quickly assess the strengths and weaknesses of a motor retail dealer. ASE plc collect in excess of 17,000 composite submissions on a monthly basis across the world. The analysis and commentary has been performed by Mike Jones utilising data generated by ASE plc and others.