

Action Insights:

The top 5 metrics every dealer should know



In an industry as dynamic as auto retail, the ability to track and understand key performance indicators (KPIs) is crucial. Here are five metrics every car dealer should know.

1. Inventory turnover ratio:

A measure of how quickly your dealership sells its inventory. You can calculate your turnover ratio by dividing your cost of goods sold by the average value of your inventory.

Tip: Drive sales by informing your team of incoming vehicles so they can sell them before they even get to your lot.

2. Used-to-new ratio:

The number of used cars sold for every new car sale. A 1:1 ratio is considered ideal for franchise dealerships.

Tip: Prioritize this KPI as used cars have higher profit margins than new vehicles.

3. Reconditioning time:

The amount of time it takes to get a used car ready for sale. The goal is to minimize this time to speed up inventory turnover.

Tip: Reduce reconditioning times by sourcing higher-quality vehicles outside your local market using the Montway Automation Portal (M.A.P.).

4. Cost to market:

The expenses incurred to prepare a vehicle for sale, including reconditioning and marketing costs. Lowering this cost can significantly increase your Gross Return on Investment (GROI).

Tip: M.A.P. provides visibility into your transportation costs, helping you identify new ways to reduce them.

5. Transport cost per unit:

Car shipping costs depend on several factors such as distance traveled, mode of transportation, vehicle size and condition. The cost per unit is then calculated by dividing the total transportation costs of a full or half load by the number of units shipped.


Tip: Avoid surprises and receive shipping quotes instantly with M.A.P. — even on weekends!

Use these metrics to gain deeper insight into your dealership's performance. This will help you identify areas of strength and spotlight opportunities for improvement.

ABOUT MONTWAY

Montway Auto Transport is one of the nation's leading auto logistics companies, arranging shipments for over one million vehicles since 2007. With a focus on innovation, technology and customer service, we set the standard in the industry. Montway is A+ accredited by the BBB and has a 4.7-star customer rating across all top review sites.



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