

How Much Money Do Dealers Make?

Copyright 2004 © Dealerlicense.com. A lawyer wrote this article. You will be sued for damages if you infringe our Copyright.

Everyone knows there is money in the car business. I'm a dealer, most of my friends are dealers and I consult with dealers every day, so my estimates are very accurate.

First of all, profit depends on whether you sell cars at **retail** (*to the public*) or **wholesale** (*through the dealer auctions*).

Retail: When most dealers buy a car to sell at retail, their goal is to make at least \$1,000 profit **AVERAGE** on every car they sell. Of course it depends on the price range of the car, but most dealers would be happy to walk away with a thick stack of money for just a few hours work. Some dealers make well over \$1,000 per car. These dealers would actually be mad if they only made \$1,000! A "small" retailer sells about 10 cars per month, so lets give a \$1,000 average. That's \$10,000 per month or \$120,000 per year.

A dealer with a medium size lot on a good location can easily sell twice that amount per month. That's 20 cars, or \$240,000 per year.

A full-time dealer with a large lot on a good location sells much more cars. Most dealers I talk to who do high retail volume sell 50-100 cars per month. 100 cars per month is \$1.2 million dollars per year. Keep in mind: This kind of money requires many employees and a full-service operation.

Wholesale: When selling cars through the dealer auction, dealers typically average \$500 profit per car, but they sell a much higher volume of cars than at retail. A typical "small" wholesaler sells 5 cars per week **AVERAGE** at a dealer auction. Add that up... 20 cars per month at \$500 is \$10,000 per month, or \$120,000 per year. A high volume wholesaler with solid contacts in the car business can easily make twice that.

Summary: Do not lose sight of the obvious: Experience pays! Never expect to strike it rich the day after getting licensed. It takes patience, hands-on experience and a little sweating before you will maximize your profits such as the examples above. By obtaining our books and videos, we will do our best based on our experience to teach you how to minimize losses and increase your profits in the car business.