



U.S. Dealer Ranks Likely to Shrink 3% This Year

August 13, 2010

Automakers continue to consolidate their U.S. dealer networks this year, but the pace is slowing from last year's record 1,603 dealership closings, an 8% decline from 2008, says Detroit-based consulting firm Urban Science.

The U.S. dealership count fell by 258, or 2%, to 18,223 stores in the first half of 2010. By the time Ford Motor Co. is done winding down its Mercury brand late this year, dealer ranks will have declined about 3% in 2010, says Urban Science.

Most of the dealerships eliminated last year were those selling Chrysler Group LLC and General Motors Co. brands whose franchises were terminated during the companies' bankruptcies.

Urban Science expects dealer attrition to return to its historical rate of 1%-2% per year by 2011. Brands such as Audi, BMW, Kia, Hyundai continue to add small numbers of dealers. Urban Science says the creation of franchises for newly arriving brands such as Fiat and Mahindra & Mahindra also will offset the demise of other dealerships.

