



2024

*CDK Dealership
Workplace Study*

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Overview

There may not be another industry that's as misunderstood as automotive retail. To those outside this world, a car dealership might be seen as a challenging place to make a career with age-old stereotypes persisting. But to those who make the dealership their place of work, it's quite the opposite.

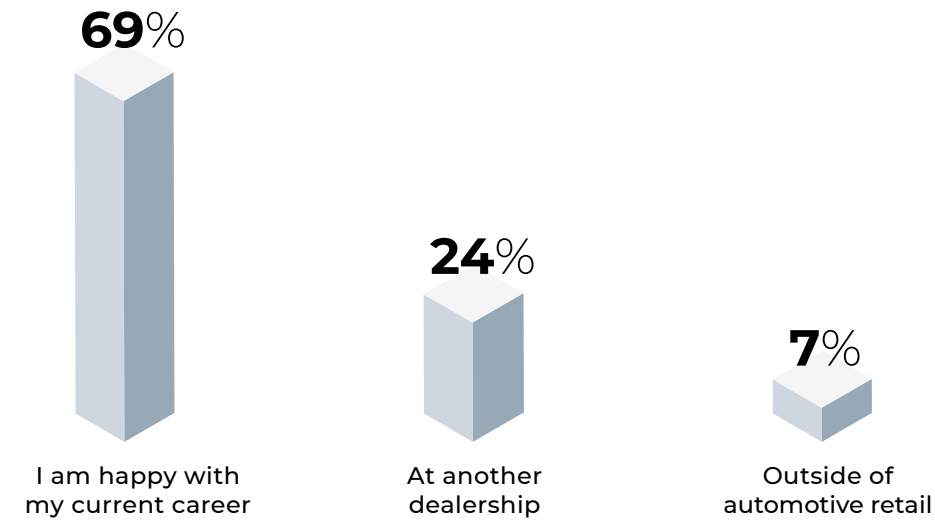
To better gauge just how enthusiastic dealership employees are, CDK conducted a study of 300 current staffers to see how satisfied they are, what motivates them, and what might make them leave. We also reached out to 100 former dealership employees who left the industry entirely to find out not only why but if they'd also consider coming back.

The results may seem suspiciously positive at first glance. For example, nearly three out of four dealership employees (74%) are satisfied with their

current job — far outpacing the national average of 51%, according to a **2023 Pew study**. But as we dug deeper into what motivates them and what they're looking for in a career, a dealership environment seemed to uniquely satisfy many of their requirements where other industries might not.

Automotive retail is indeed unique. The high satisfaction also means more than half of the respondents (56%) would also recommend working at a dealership to a friend or family member.

Where Dealership Employees See Themselves in the Next Six Months



Hiring good people — and retaining them — is one of the top concerns of store leadership and has been for years. And while a healthy 69% of the respondents said they weren't looking for another job in the next six months, one in four (24%) said they were considering a move to another dealer, with another 7% looking to move out of automotive retail. And that's just in the next six months. Sales staff were also slightly less likely to leave. But no matter their role, nearly a third of your staff could be on the move, and that's why delving into their responses from this study is vital.

Nearly 1/3 of your staff could be on the move



Demographics

300
Current
Employees



DEALERSHIP ROLE

Associate	55%
Director/Manager	30.7%
Executive Leadership	10.3%



GENDER

Women	27.6%
Men	72.3%



AGE RANGE

18–25	42.3%
26–32	31%
33–41	20%
42–57	6.3%
58–67	0.3%



DEALERSHIP DEPARTMENT

Marketing	24.3%
Admin	7.6%
Sales	36%
Parts	3%
F&I	3.3%
Service	12%
Accounting	2.3%
Internet or BDC	5.6%
IT	5.6%



TENURE WITH CURRENT EMPLOYER

Less than 1 year	17.6%
1–3 years	42.3%
4–7 years	28%
8–10 years	8.3%
More than 10 years	3.6%

100
Former
Employees



DEALERSHIP ROLE

Associate	65%
Director/Manager	28%
Executive Leadership	7%



DEALERSHIP DEPARTMENT

Marketing	19%
Admin	7%
Sales	27%
Parts	3%
F&I	10%
Service	12%
Accounting	3%
Internet or BDC	8%
IT	11%



Where Dealership Employees Stand

If we know 74% of dealership employees are satisfied with their jobs, what are the reasons driving that number so high? The top two reasons for satisfaction shouldn't surprise anyone: good benefits and competitive compensation. Don't all of today's workers want the same? As we make our way down the list, some responses don't exactly fit into what many consider to be positive attributes.

Visit several dealerships and you may notice an overtly positive, borderline cheerleader-type of interaction from management to get staff energized to meet the day and the customer. We often hear how the staff is "like a family." But when asked, excited and energizing work along with enjoyable work relationships were the very lowest ranked factors for job satisfaction. That shouldn't necessarily stop the

positive activities in your store from happening but suggests it may be having much less impact under the surface.

Instead, opportunities for skill development, a commitment to diversity, equity and inclusion as well as having leadership responsive to employee concerns had a bigger impact.

Factors That Contribute to Job Satisfaction

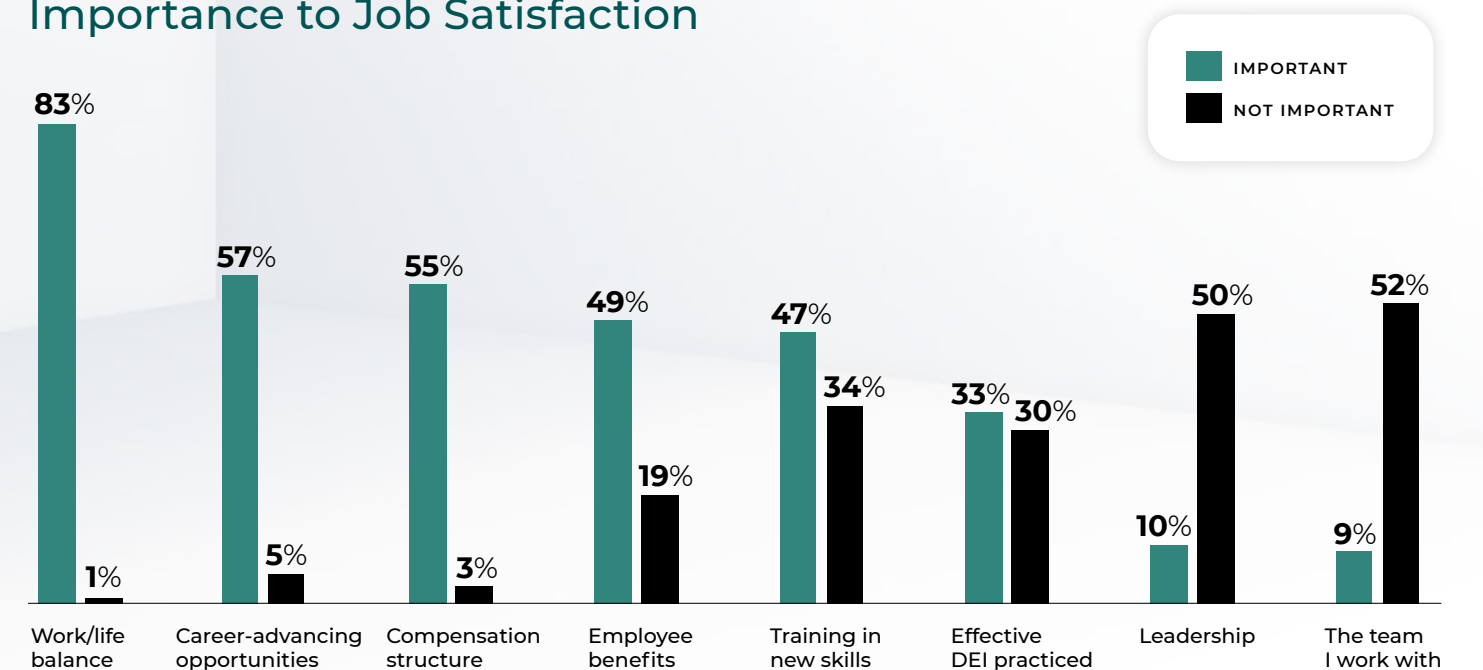


Active employees who were dissatisfied didn't point to the same areas for their displeasure. Long hours and stress were cited as top contributors, along with inadequate benefits. Car dealerships often require more hours to meet customer demands and a sales- and service-centric business can also be stressful. Long work hours were also the number one reason for leaving automotive retail according to nearly half (47%) of those former employees we surveyed. This is likely why we're starting to see dealerships promote

more regular work hours in their hiring literature. More dealers are also closing on holidays that used to be "sales events" to prevent employee burnout.

In this study, we asked a different question to current employees about where work/life balance lands. When framed in terms of if it's important or not to job satisfaction, work/life balance was far and away the top response at 83%, outpacing even compensation (55%) and benefits (49%).

Importance to Job Satisfaction



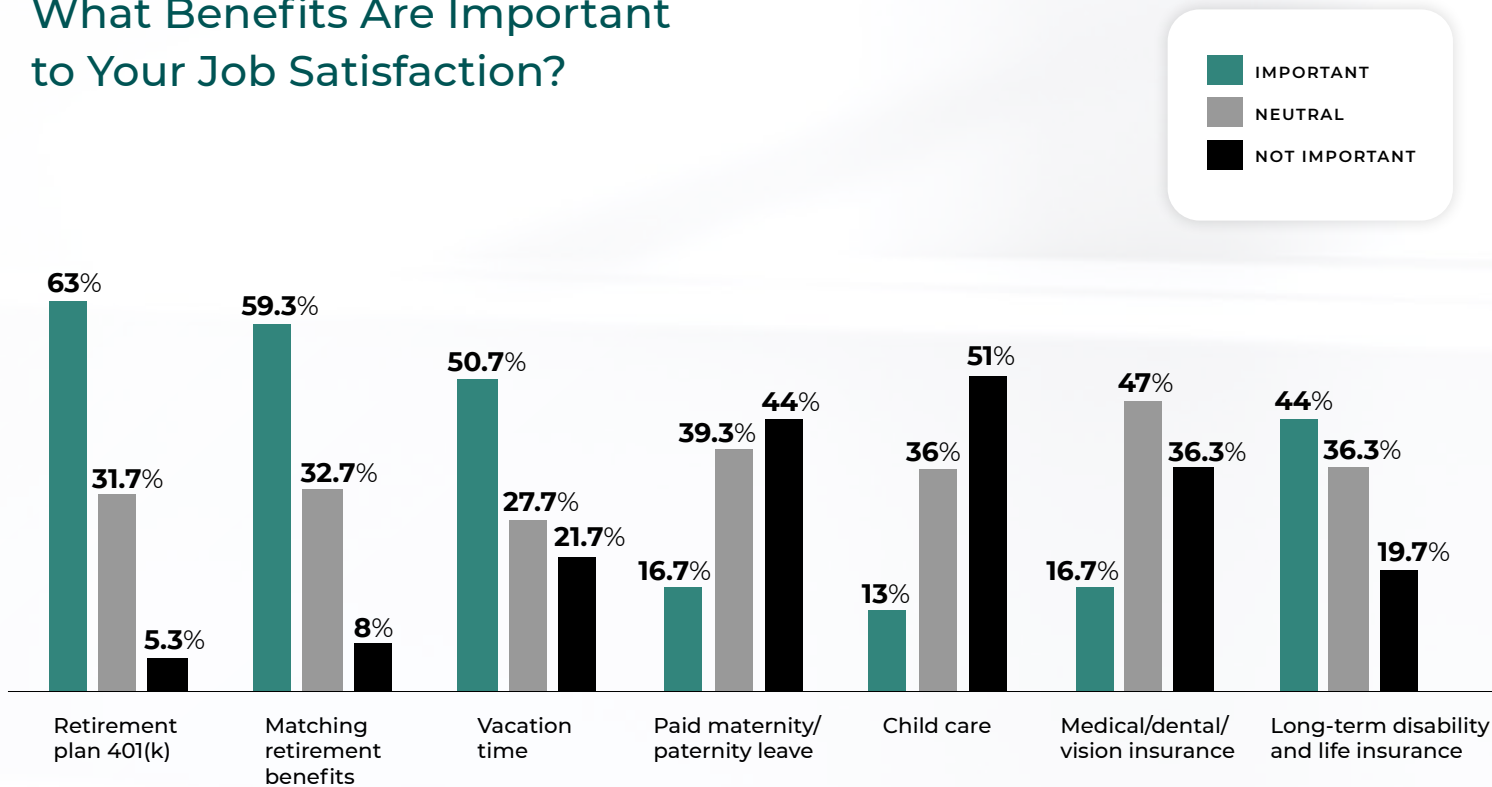
While benefits ranked as the top factor in their job satisfaction, not all benefits are created equal in employees' eyes. Most respondents focused on retirement planning and an employer match when asked what benefits they saw as important. Surprisingly, medical, dental and vision insurance ranked nearly at the bottom of the list at 17%. Because 42% of our respondents were 25 and younger (and possibly on their parents' insurance), it wouldn't be unfair to think they care less about medical benefits. However, slightly more Gen Z respondents (20%) said it was important to them.

Vacation time's high rank might speak to that younger demographic but fits into the overall work/life balance equation on many employees' minds.

Maternity leave and child care weren't highly ranked either, but our respondent mix was made up of 28% women, close to the industry average, and again many are under 25 and may not be thinking about parenthood.

The compensation equation in any dealership is one of the most discussed, and deserved a deeper look in our study.

What Benefits Are Important to Your Job Satisfaction?

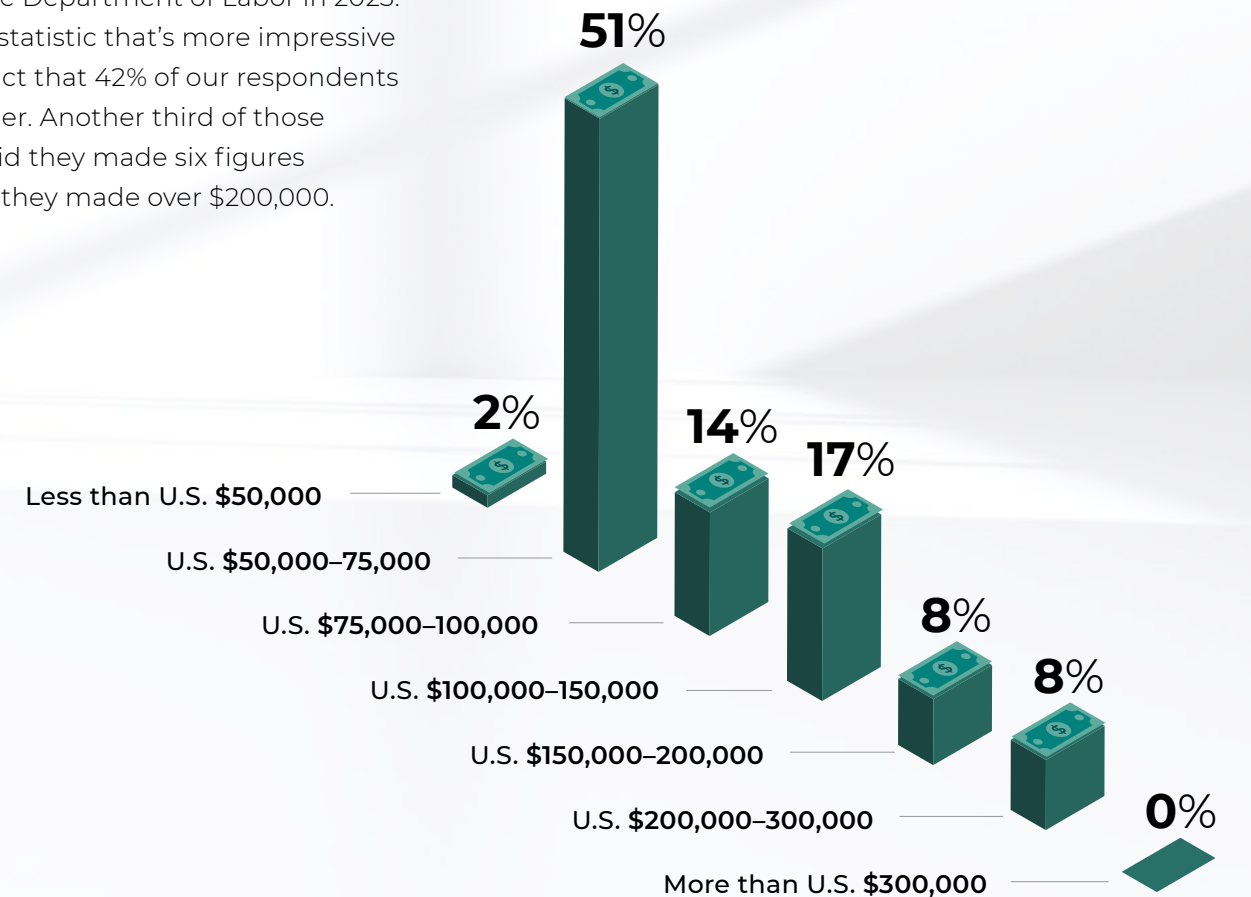


Compensation Is Complex

It doesn't matter what industry you're in, the number on that pay stub is going to determine how you feel about your job. In a transaction-focused business like automotive retail, it might have an even more outsized impact because not only do different dealers pay more than others, but they also may determine that pay in different ways with commission being a prevalent approach. This in turn often impacts the type of jobseekers who gravitate toward the industry, especially when it comes to Sales roles. They're money motivated.

Overall, dealership employees are paid quite well. Just over half reported making between \$50,000 and \$75,000 a year. That's compared to a national average salary of \$59,384 according to the Department of Labor in 2023. This is another statistic that's more impressive based on the fact that 42% of our respondents are 25 or younger. Another third of those we surveyed said they made six figures with 8% saying they made over \$200,000.

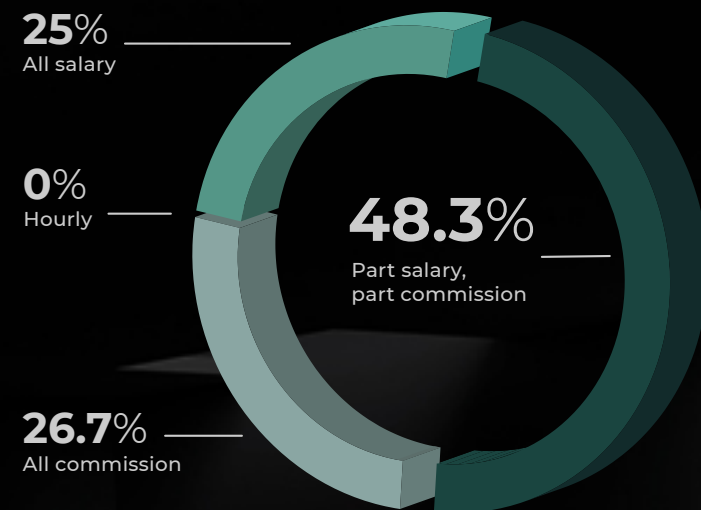
Current Annual Compensation Range



Pay structure is an area that makes car dealers unique, and the mix of commission to pay is always seemingly under debate. In this study, the breakdown was almost equal between all salary and all commission, with a combination of both being the most common.

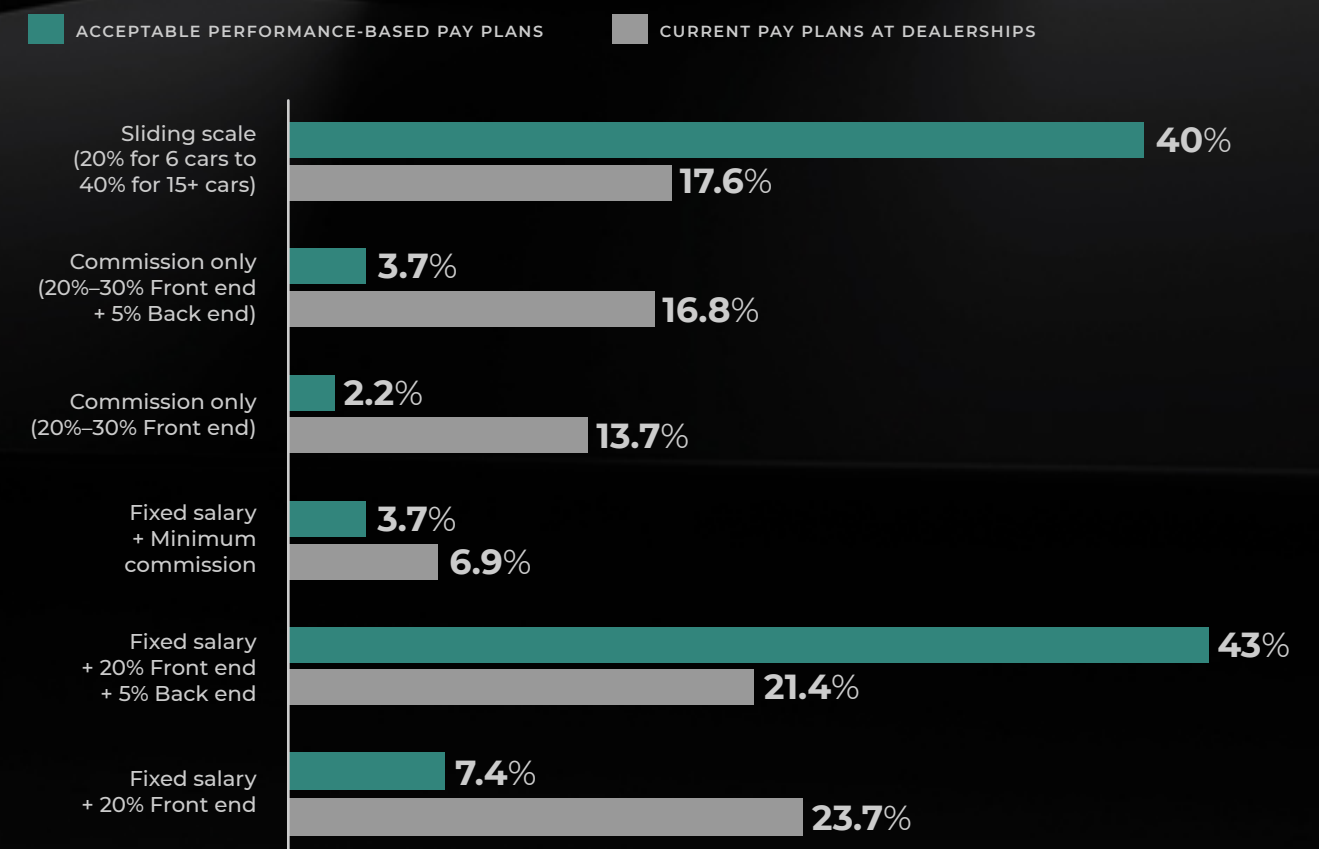
Of those working on either all commission or partial commission plans, we asked how they were broken up. And while most included a fixed salary plus part of the front- and back-end gross, there were a variety of responses.

Compensation Structure Analysis



When we asked these same employees which types of performance pay plans they found acceptable, it was a very different story. Two options were clear favorites, with 40% saying they'd prefer a sliding scale and 43% saying they'd opt for a fixed salary plus 20% of front-end and 5% of back-end gross.

Current Pay Plan vs. What Employees Want



This might suggest a number of dealership employees are receiving pay plans they don't find acceptable. However, these plans are deeply rooted in a store's bottom line and are understandably not something that can easily be changed. These results should serve as a simple reflection that most dealers are likely in line with the norm while meeting employee preferences.

Why Employees Leave

Employee retention is on every manager’s mind in today’s talent-strapped job market. If it’s hard to find new team members, losing one has an outsized effect — especially considering the sunk costs of training and time put into that role. When we asked former dealership employees if they’d recommend a career in automotive retail to a friend or colleague, 44% said they would.

On the surface, that sounds pretty high considering they’re no longer working in the industry at all. But a quarter would actively dissuade others from even giving a car dealership consideration.

Over half (52%) also said their perception was somewhat or extremely positive with just 13% saying it was somewhat or extremely negative and 35% being neutral.

To better understand those who left, let’s first find out why they took the job in the first place. A quarter of respondents said it was because they were either part of the family who owned or operated the dealership (9%), or it was their only available option at the time (14%). These aren’t compelling reasons at first glance, and it can be understandable why they chose to leave.

But considering the salary considerations it’s interesting to see the majority (42%) of the dealership deserters originally came through the doors to possibly earn a six-figure salary.

When we asked what they liked about working at a dealership, the number one response was also around compensation. Nearly a third (30%) said making good money is what they liked most about the job. Only 5% said there was nothing they liked most.

So why did they sever ties with the automotive retail industry? While 27% did point to poor compensation, both inadequate benefits and long working hours were called out significantly more, with nearly half of respondents calling them out.

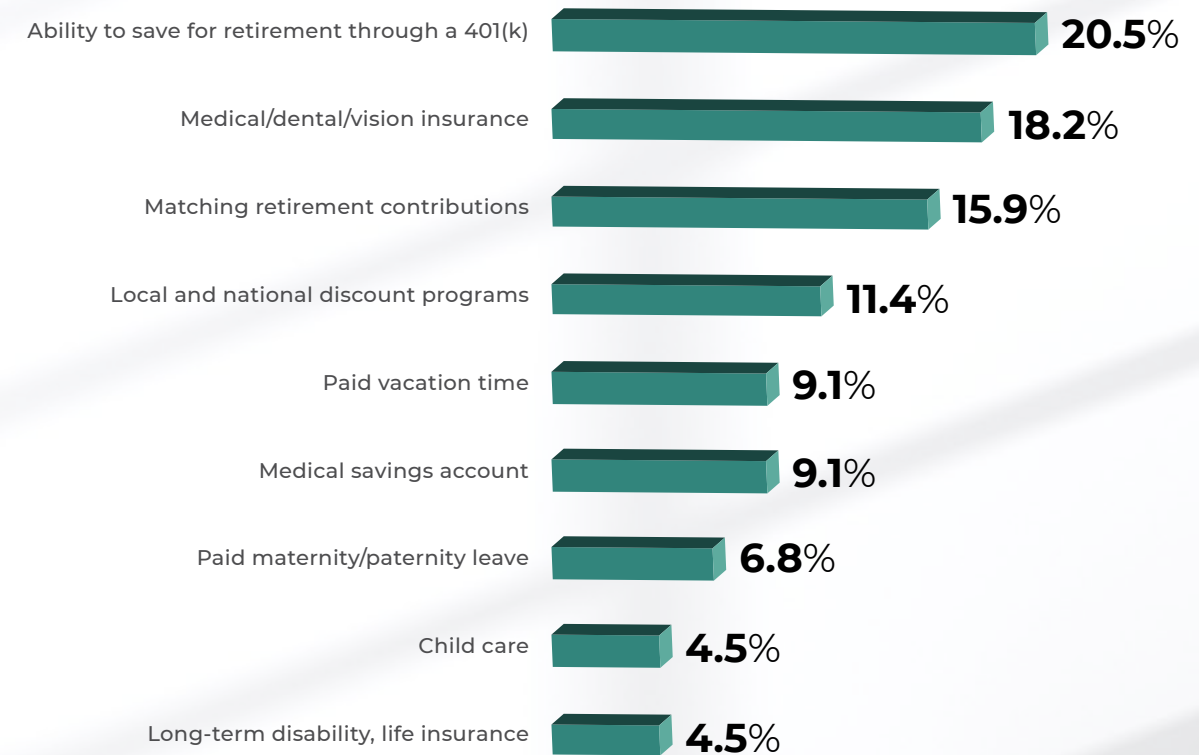


Reasons for Leaving Auto Retail Career

- | | |
|--|---------------------------------|
| 48% Inadequate benefits | 18% No time for vacation |
| 47% Long work hours | 17% Poor leadership |
| 27% Poor compensation | 13% Rude customers |
| 27% Little to no opportunity for career advancement | 3% Retirement |

Lacking Benefits Offered by the Dealership

Just as it was first in importance for current employees, retirement saving through a 401(k) surfaced to the top of lacking benefits for former employees.



Where They Went

- | | |
|--|---|
| 1. Management of companies or enterprises | 5. Manufacturing |
| 2. Real estate or rental and leasing | 6. Forestry, fishing, hunting or agriculture support |
| 3. Transportation or warehousing | 7. Construction |
| 4. Professional, scientific or technical services | 8. Other |

Key Takeaways

Staffing can be a struggle at times, but it can be exceptionally rewarding to see team members thrive. Here are four areas that can help build a store's staff up and hopefully prevent them from heading out the door.

1 Assess Your Benefits

If there's one thing that rang loud and clear among all respondents, it was the need for adequate benefits that address the employees' specific needs. Each store likely has a mix of different-aged employees who can skew which benefits are most important. But even if you don't have a diverse staff in terms of age and gender, it's clear items like a 401(k) and employer savings match (or a profit-sharing plan) make a difference to current and former automotive retail employees.



2 Attempt to Deliver a True Work/Life Balance

Car dealerships foster an entrepreneurial spirit almost by default. In the past, this has meant working long hours to deliver as many sales and repair orders as possible whether the sun is out or not. Today, that's no longer the case as technology can improve efficiency during traditional workday hours. Employees value personal time with friends and family and expect flexibility.

3 Build Your People Up

Churn is one of the worst words a car dealer hears. That's why developing your employees into long-term investments is so crucial. Both current and former retail employees we surveyed listed career advancement as key to their job satisfaction. And while a dealership can't promote everyone to a manager, there are ways to focus on training and specialization that can fill this desire for more advancement. Gaining new skills was another highly ranked factor for job satisfaction and can be a building block to future advancement.



4 Pay the Right Way

The responses related to pay structure seemed quite clear. Over 60% of employees were on a pay plan that wasn't one of the two favored by the vast majority of those we surveyed. Looking at compensation is never easy, as adjusting to these favored structures will likely hit the bottom line in a very real way. Each dealer needs to create a monetary structure that's equivalent to the need of retaining and attracting talent.

About This Study

CDK is focused on connecting dealers with their customers to continuously improve this pivotal relationship. Maintaining a top-notch staff is critical to create the customer experience most dealers hope to deliver in today's competitive landscape. This study looks to provide insights that store leadership can incorporate into their staffing plans and strategy moving forward.



Peter Kahn
CDK Head of Research

With over 20 years of experience in researching all aspects of the automotive retail industry, Peter's work is focused mainly on how dealerships and brands can improve efficiencies and meet the changing needs of the vehicle buyer and service consumer. As the Senior Director of the CDK Research and Insights group since 2015, Peter has produced work that covers a range of topics, such as artificial intelligence in the dealership, women in automotive, the state of the automotive retail industry, job seekers in automotive retail, and many more that help inform decision-makers in our industry.



Rohini Tripathi
Study Lead Researcher

Rohini Tripathi is a Senior Market Research Analyst at CDK. She has nearly 10 years of experience in research with global organizations spanning different industries such as media and entertainment, CPG and automotive retail. At CDK, Rohini works on various research initiatives for the Product, Technology and Marketing teams and provides insights and analysis to help make business-related decisions.

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