



# ANALYTICS STATISTICS TRENDS

**2024 Recent Trends in Automotive Dealership Profitability. Where, Why and How to Overcome the Challenges.**





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***IN THE PAGES BELOW, WE HAVE TAKEN A  
LOOK AT KEY F&I METRICS ACROSS OUR  
DEALER BASE***

***OUR GOAL IS TO:***



***SHOWCASE THE MOST RELEVANT INDUSTRY  
TRENDS***



***HIGHLIGHT SOME POTENTIAL AREAS OF  
OPPORTUNITY TO OVERCOME THESE CHALLENGES***



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## ***THE DATA***

**Comparing Income, Products, PVR & Penetrations**

 **DATE RANGE**

**9/1/22 - 2/28/23**

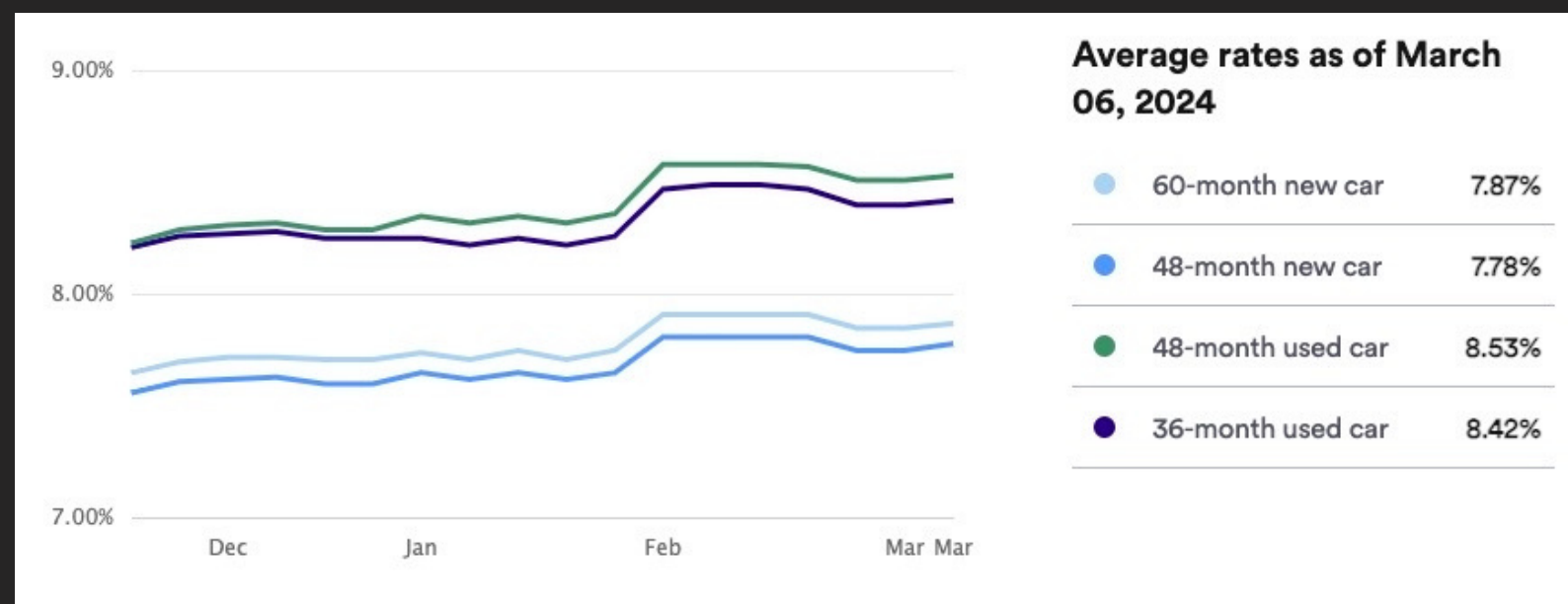
**9/1/23 - 2/29/24**

 **DEALER VOLUME**

**Over 120 dealers &**

**175,000 units**

# RISING INTEREST RATES



SOURCE: NERDWALLET.COM

**Average new car payment in the US was \$738/month in Q4 of 2023, up \$13 over previous quarter.**

## LOWER FRONT-END PROFITS



Two factors affecting gross profit on retail units as we barrel into 2024:

- 1) Larger inventories.
- 2) Increased carrying costs (floor plans) for that inventory due to high interest rates.

Many OEMs flooded their dealers with new inventory just prior to the labor strikes earlier in 2023, presumably in anticipation of factory shutdowns. This, combined with high inventory costs have pushed dealers to focus on turning inventory faster albeit at lower margins. Dealers are “selling scared” as they were pre-pandemic.

## WHAT THIS MEANS FOR THE DEALER

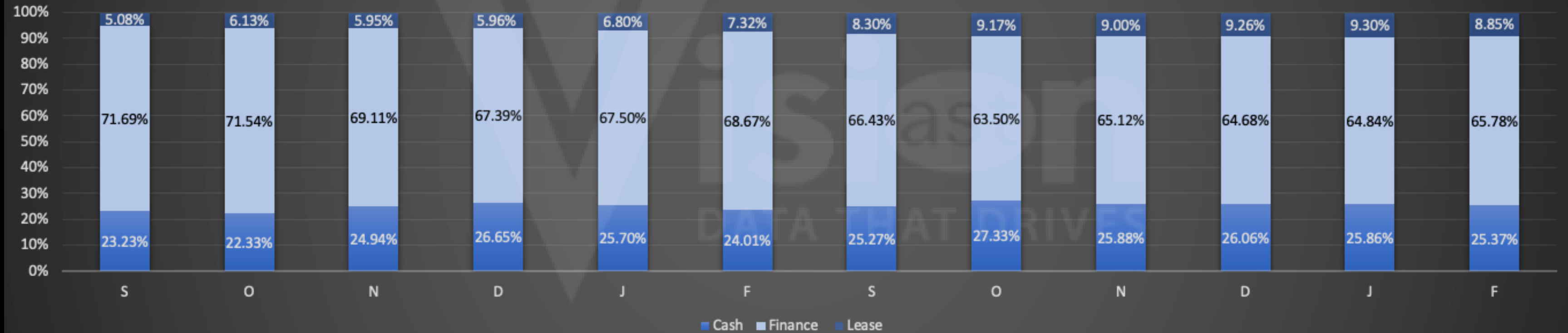


**Successful dealers are refocusing their efforts on F&I and service profitability.**

F&I training, product alignment and processes are driving additional F&I dollars to offset smaller front-end profits and also contributing to greater service retention as customers who purchase F&I products are more likely to return to the same dealer for service.

**The most successful dealers are evaluating their reinsurance positions as more dollars are flowing into F&I departments.**

### Cash v Finance v Lease



**Avg PVR:** September 2022 - February 2023 = \$1,741.22

September 2023 - February 2024 = \$1,722.94

**Avg Finance PVR:** September 2022 - February 2023 = \$2,295.31

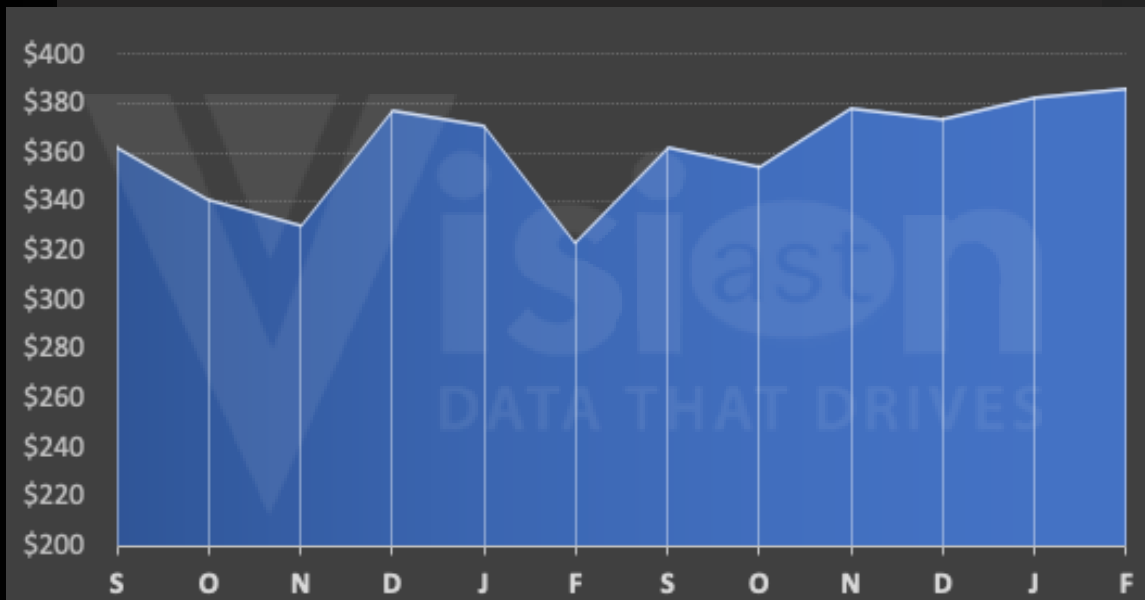
September 2023 - February 2024 = \$2,337.51

# CATEGORY PENETRATIONS

**\$** Cash deal penetration has gone up over 1.2% since late 2022 - Resulting in lost profit of over \$2.07 million in 2023.

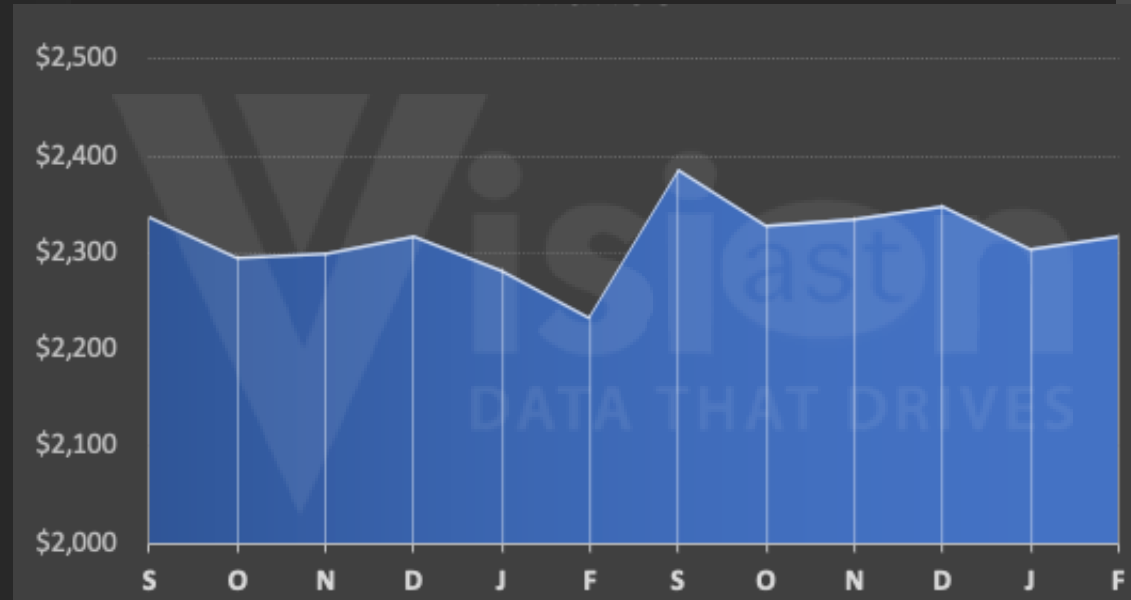
**\$** VisionAST platform users have seen finance PVR increase despite finance penetration decrease.

# F&I PVR BY CATEGORY



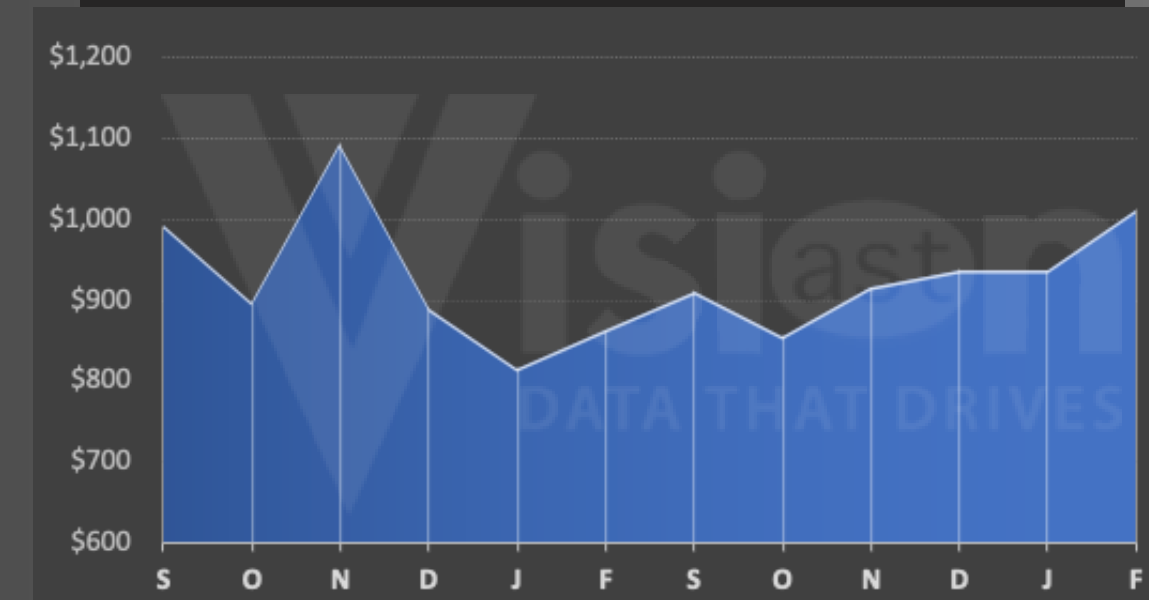
## CASH

EXPERIENCE AND PROCESS IMPROVEMENTS DRIVING CASH DEAL PVR UP AND HOLDING STEADY.



## FINANCE

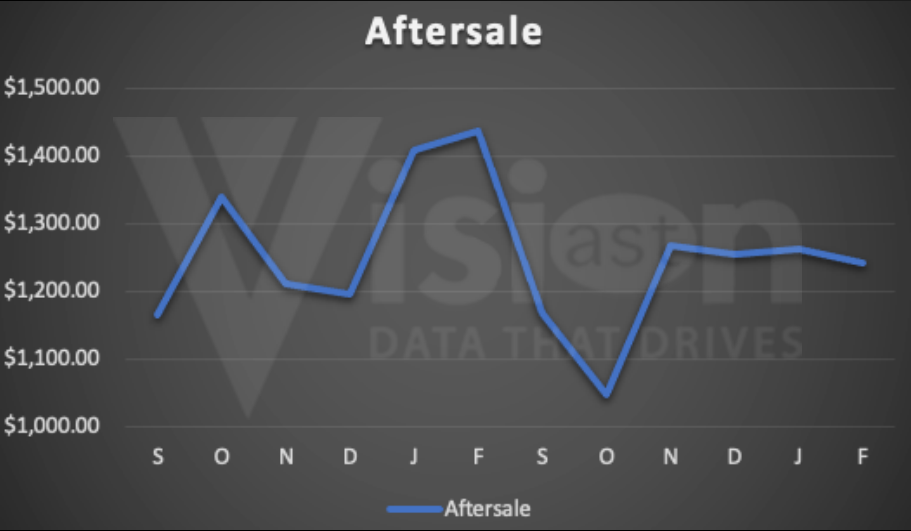
F&I PVR ON FINANCE DEALS STRONGER TO BEGIN NEW YEAR.



## LEASE

LEASE PVR CONTINUES ITS STEADY CLIMB.

**Avg VSC Profit:**



Sep - Feb 23 = \$1,292.97  
 Sep - Feb 24 = \$1,207.13



Sep - Feb 23 = \$1,133.37  
 Sep - Feb 24 = \$1,115.29



Sep - Feb 23 = \$1,368.06  
 Sep - Feb 24 = \$1,448.44

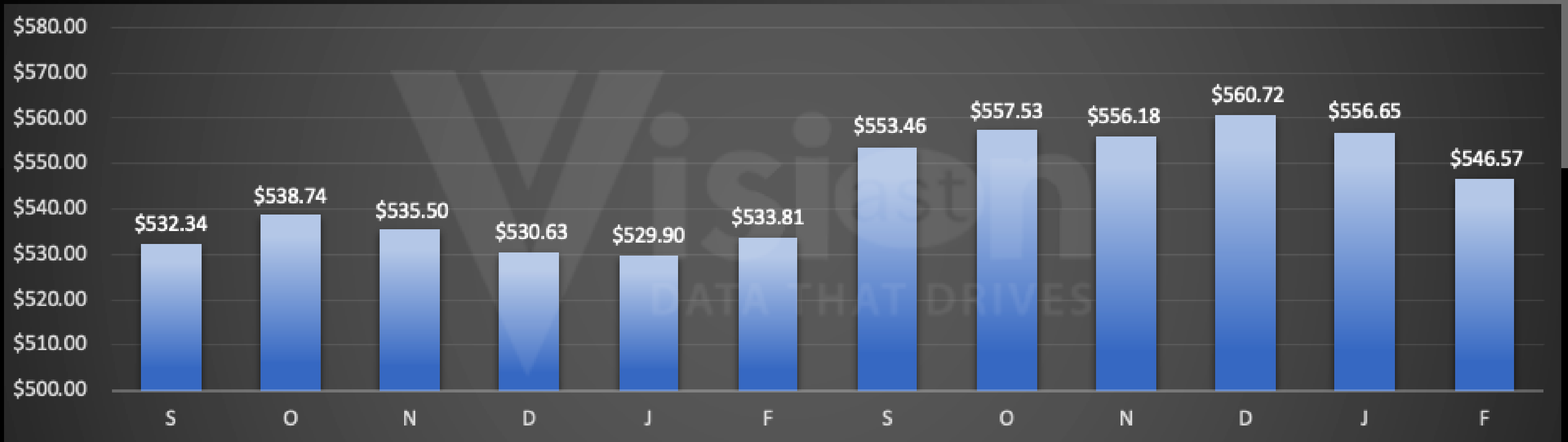


Sep - Feb 23 = \$456.75  
 Sep - Feb 24 = \$436.86

# VSC INCOME BY CATEGORY



**Vehicle service contracts are 3X more likely to be sold on a finance deal for an average increase of \$250 per contract.**



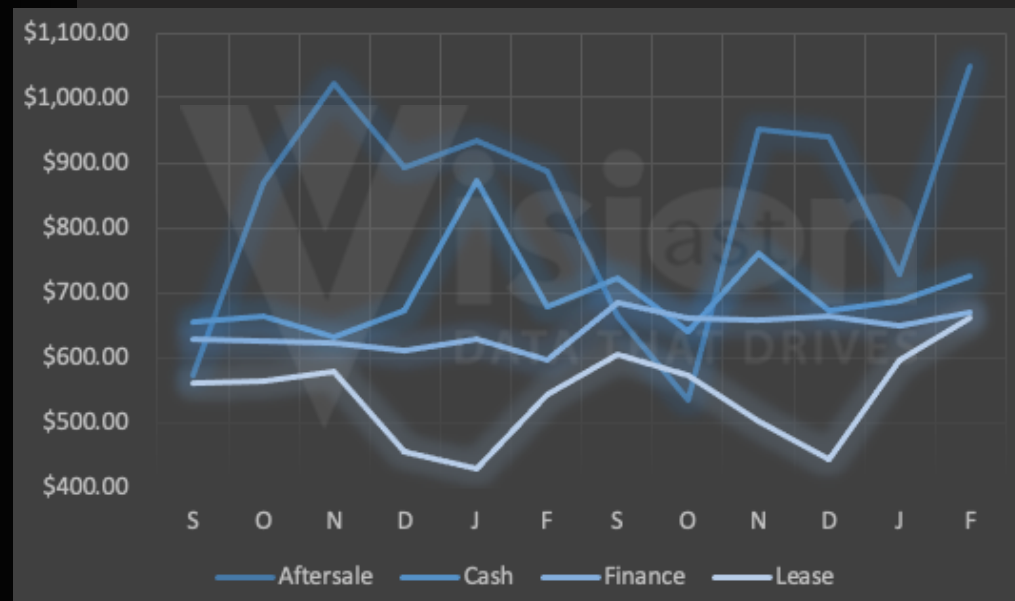
## AVERAGE GAP INCOME



GAP income has increased 4% (\$21.70/deal) while GAP penetration has decreased by 3%. GAP coverage and protection plans are growing in demand because today's still-high vehicle prices are forcing people to hold onto their vehicles longer. An estimated 37% of people in a recent survey said they plan to hold onto their vehicles longer because of the pricing climate, and another 39% said they might hold onto their vehicle longer but are unsure. *source:autosuccessonline.com*

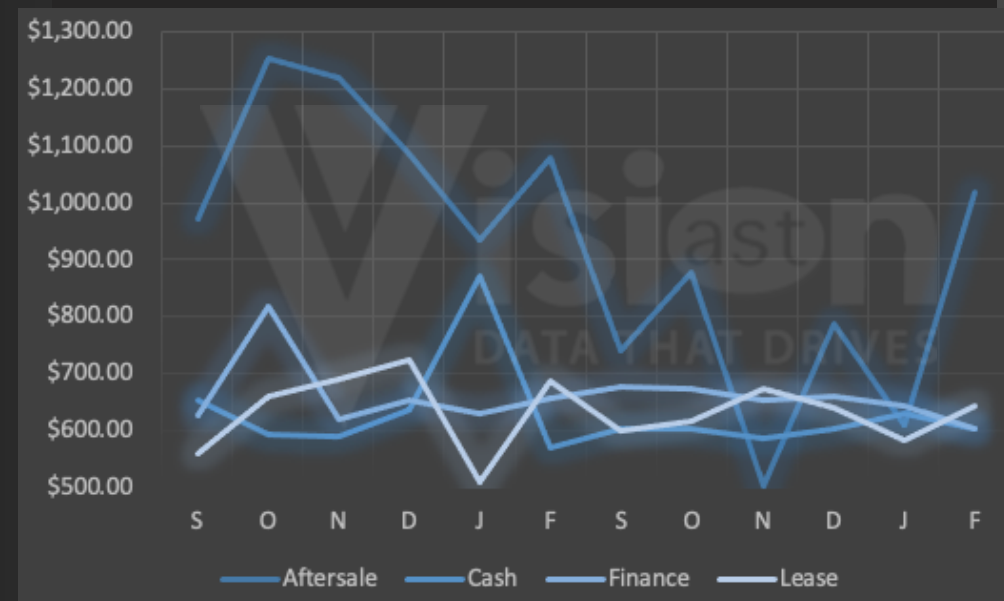


# AVERAGE INCOME



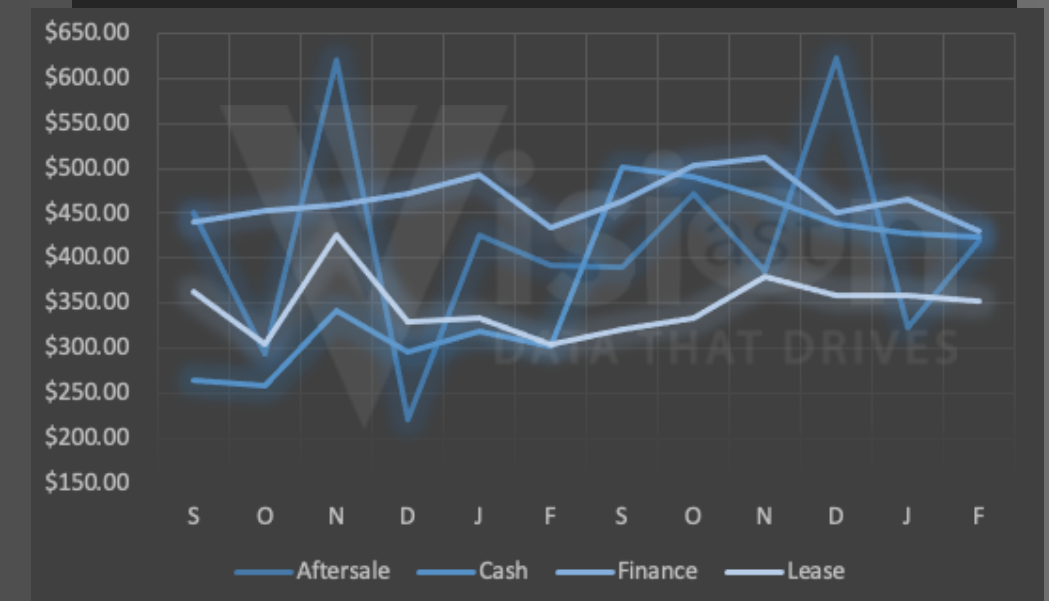
## TIRE & WHEEL

T&W profitability has increased over \$130 since 2022 Q1 and \$75 since 2022 Q4.



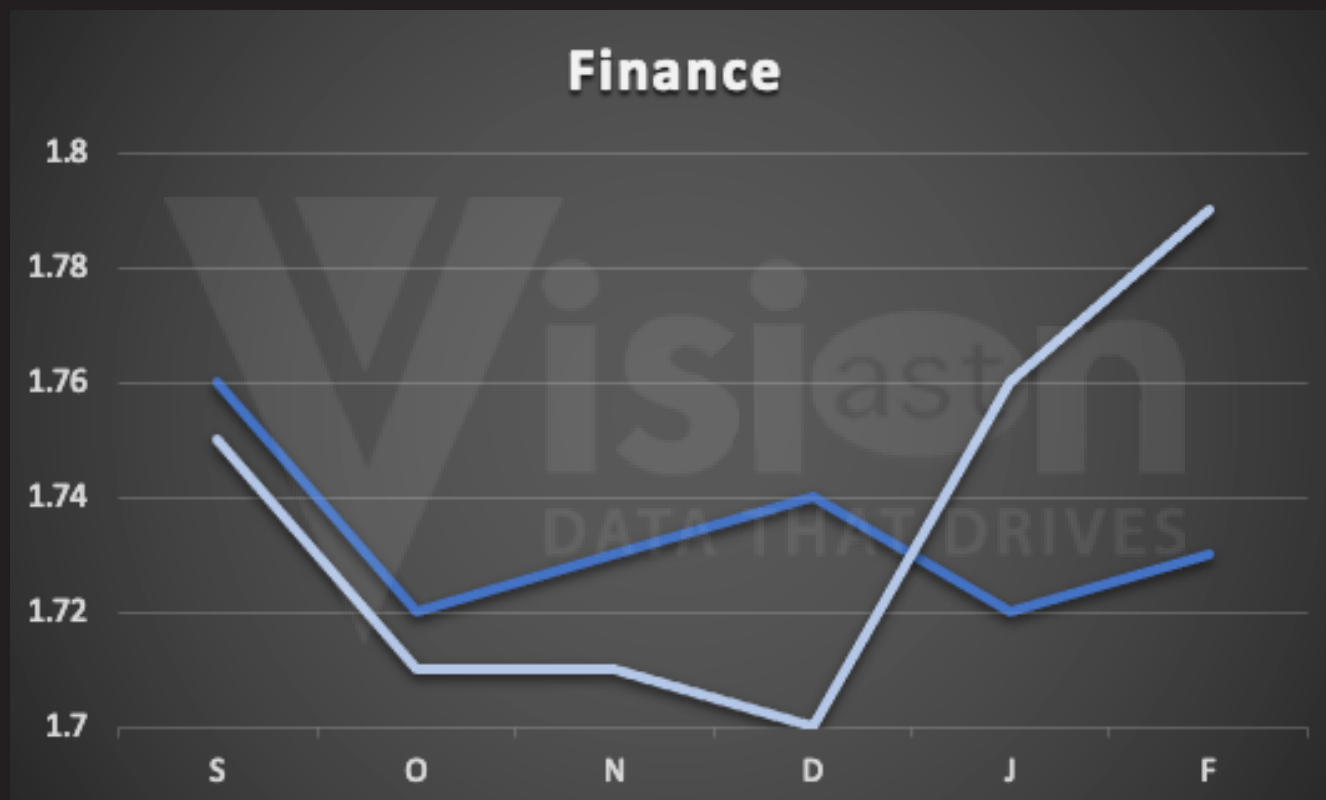
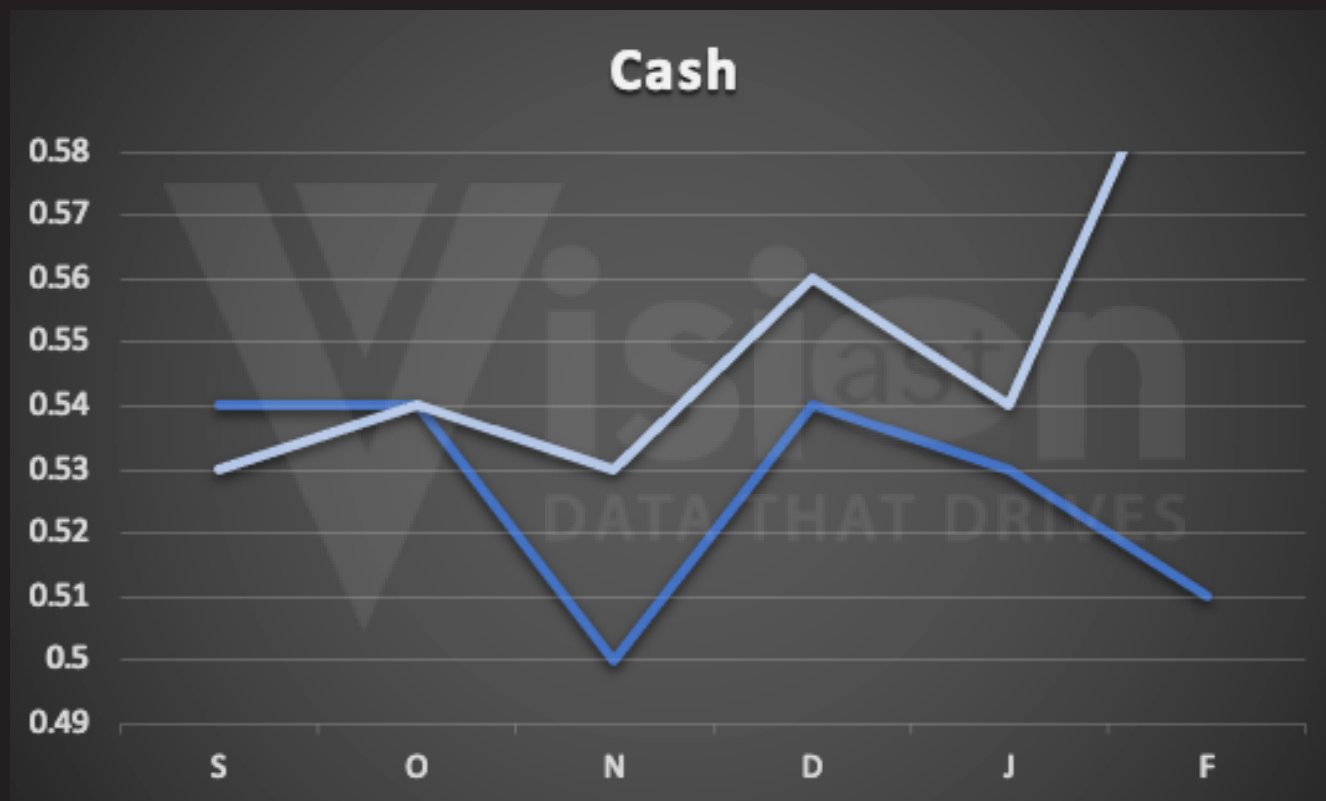
## APPEARANCE

Appearance products earn 40% more when sold as an aftersale product. The most of all products (Avg \$923.11).



## MAINTENANCE

PPM income has increased 6.22% since 2022 Q4.

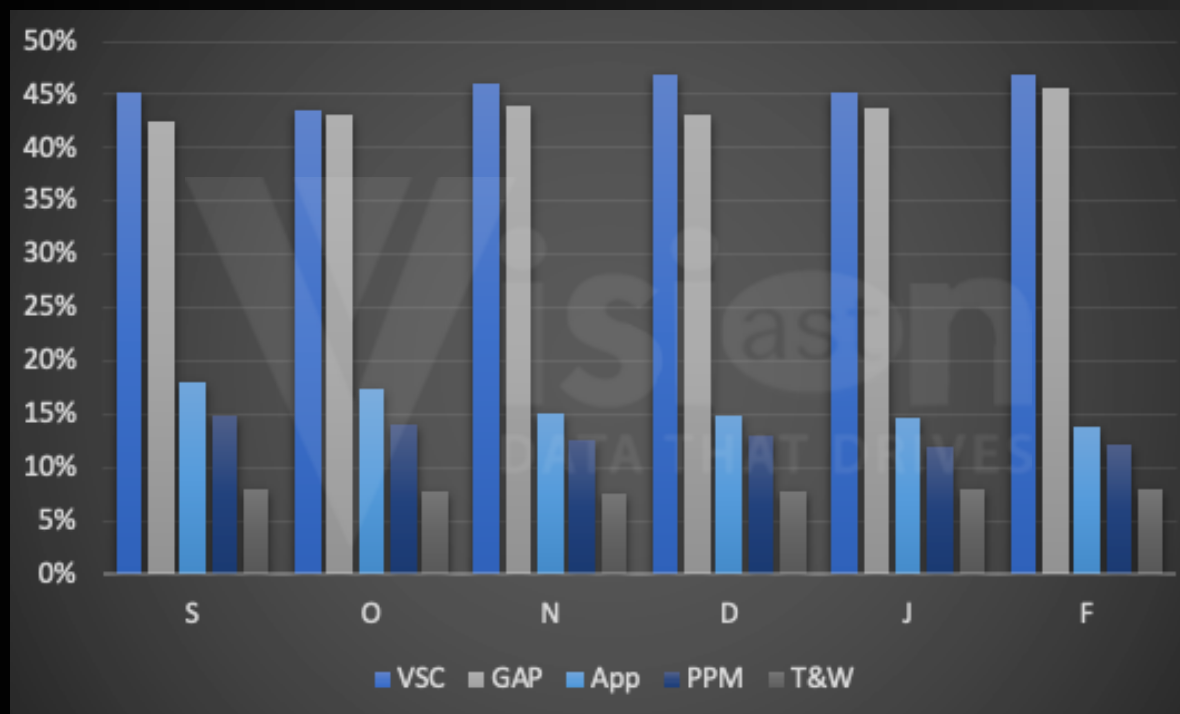


## PRODUCTS PER DEAL

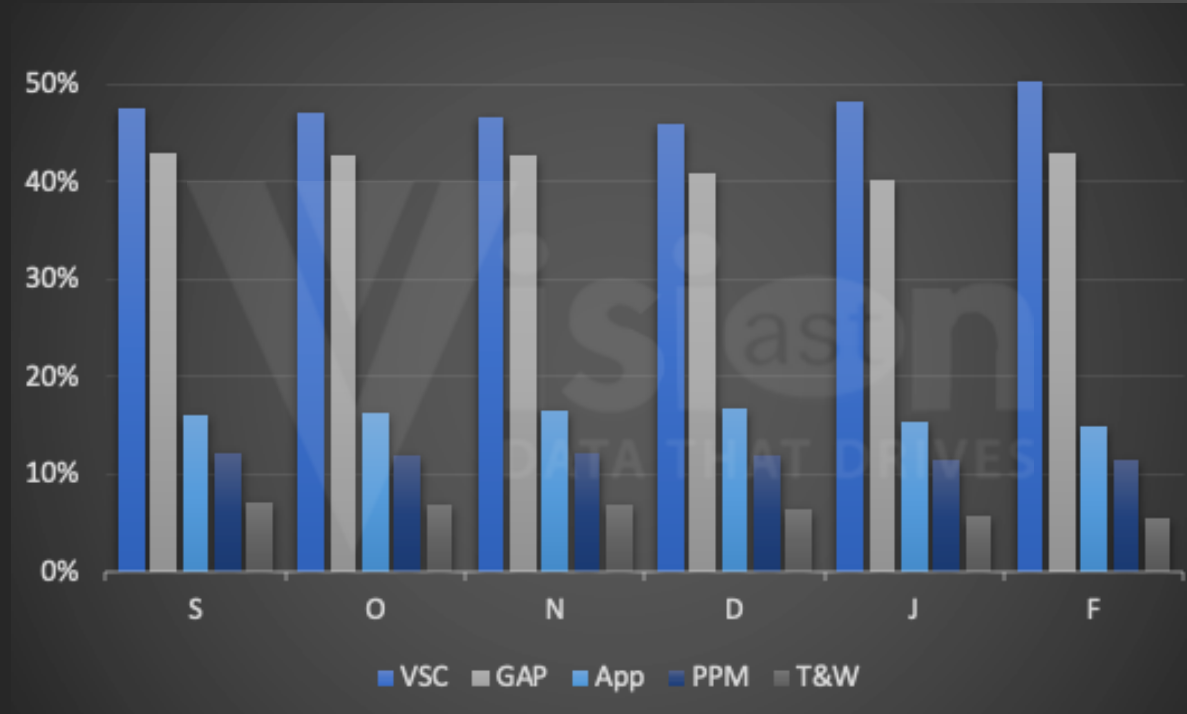
Light blue indicates Sept 23 - Feb 24

- ✓ Products Per Deal has increased for Finance Cash and Lease deals in 2024.
- ✓ F&I PVR on finance deals has increased \$42.33 since the previous year.
- ✓ Sales profit has decreased \$746.15 since 2022 Q4 and over 50% since 2021 Q4.
- ✓ 2022 Q4 had 46% of all profit come from F&I. Currently (2023 Q4 - present), 58% of profit comes from the F&I office.

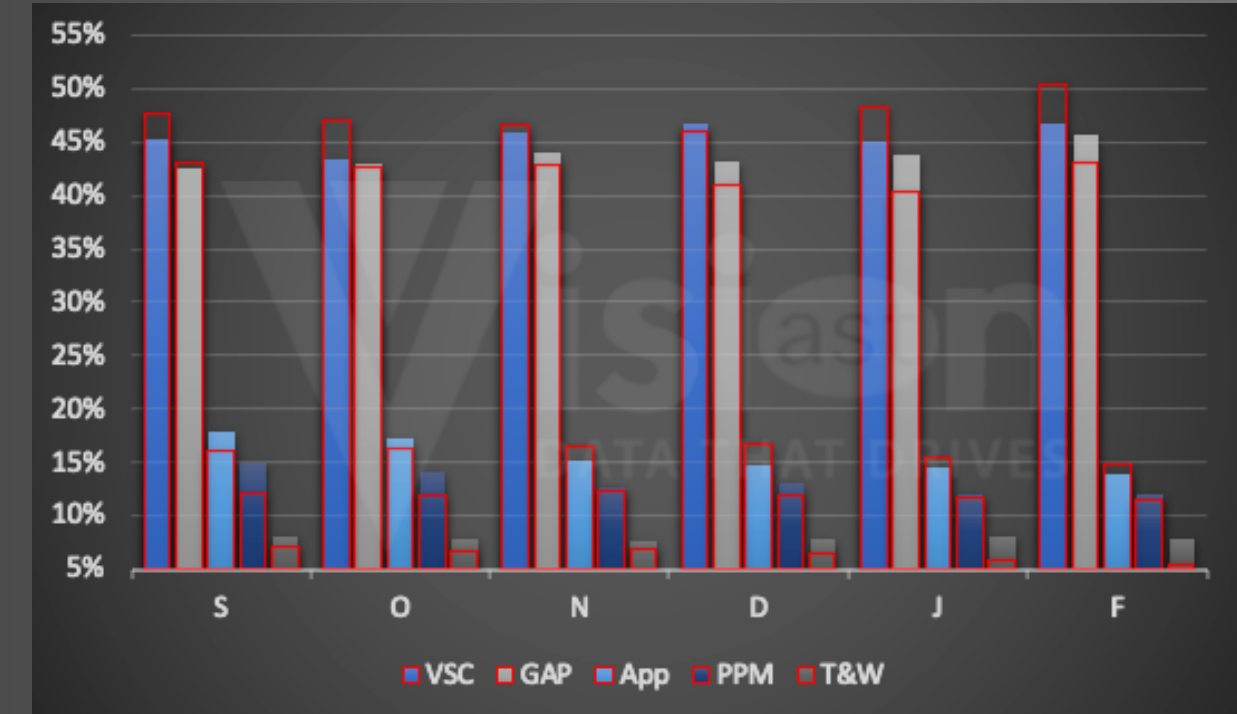
# PRODUCT PENETRATIONS



**SEPT 22 - FEB 23**



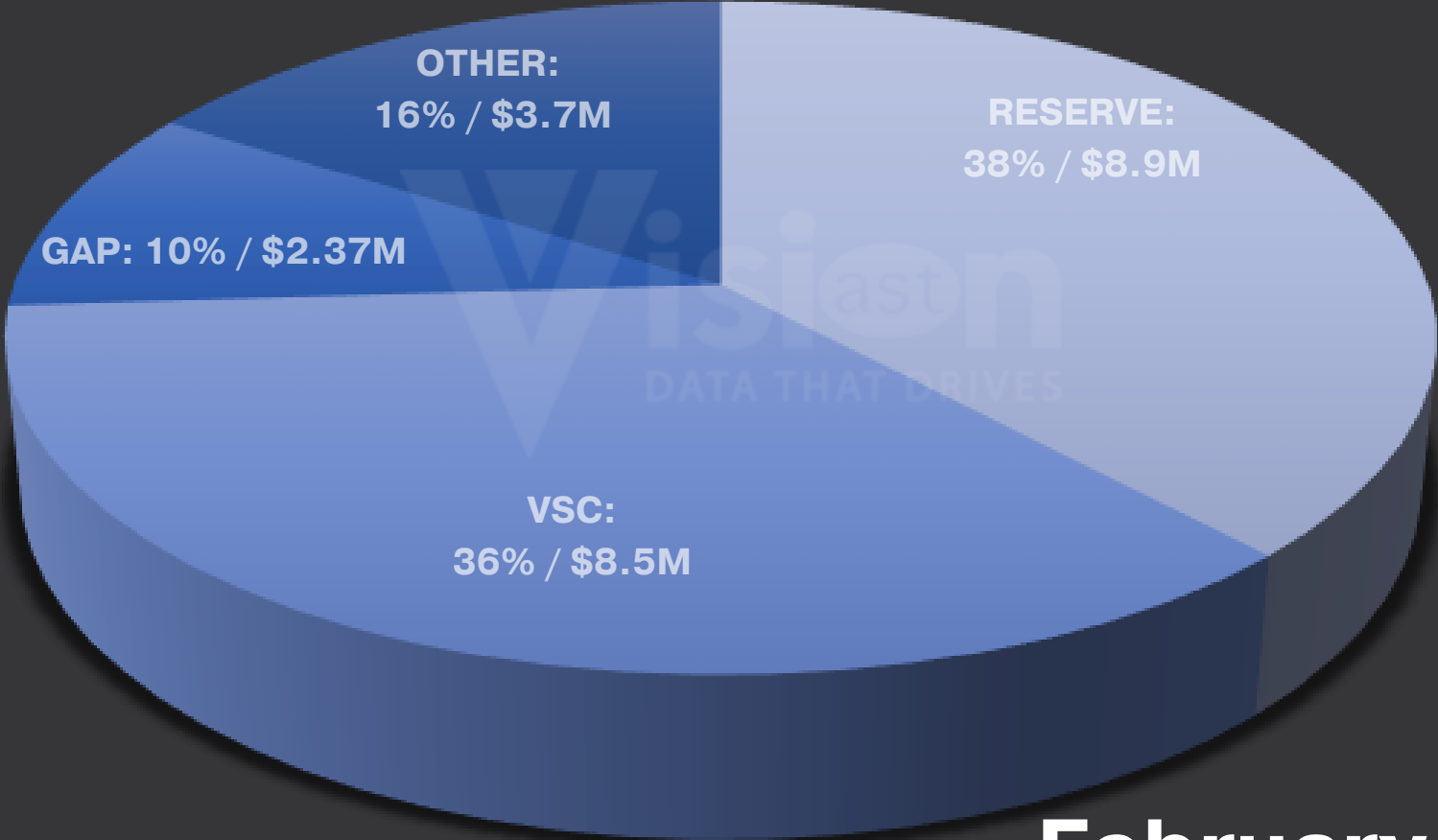
**SEPT 23 - FEB 24**



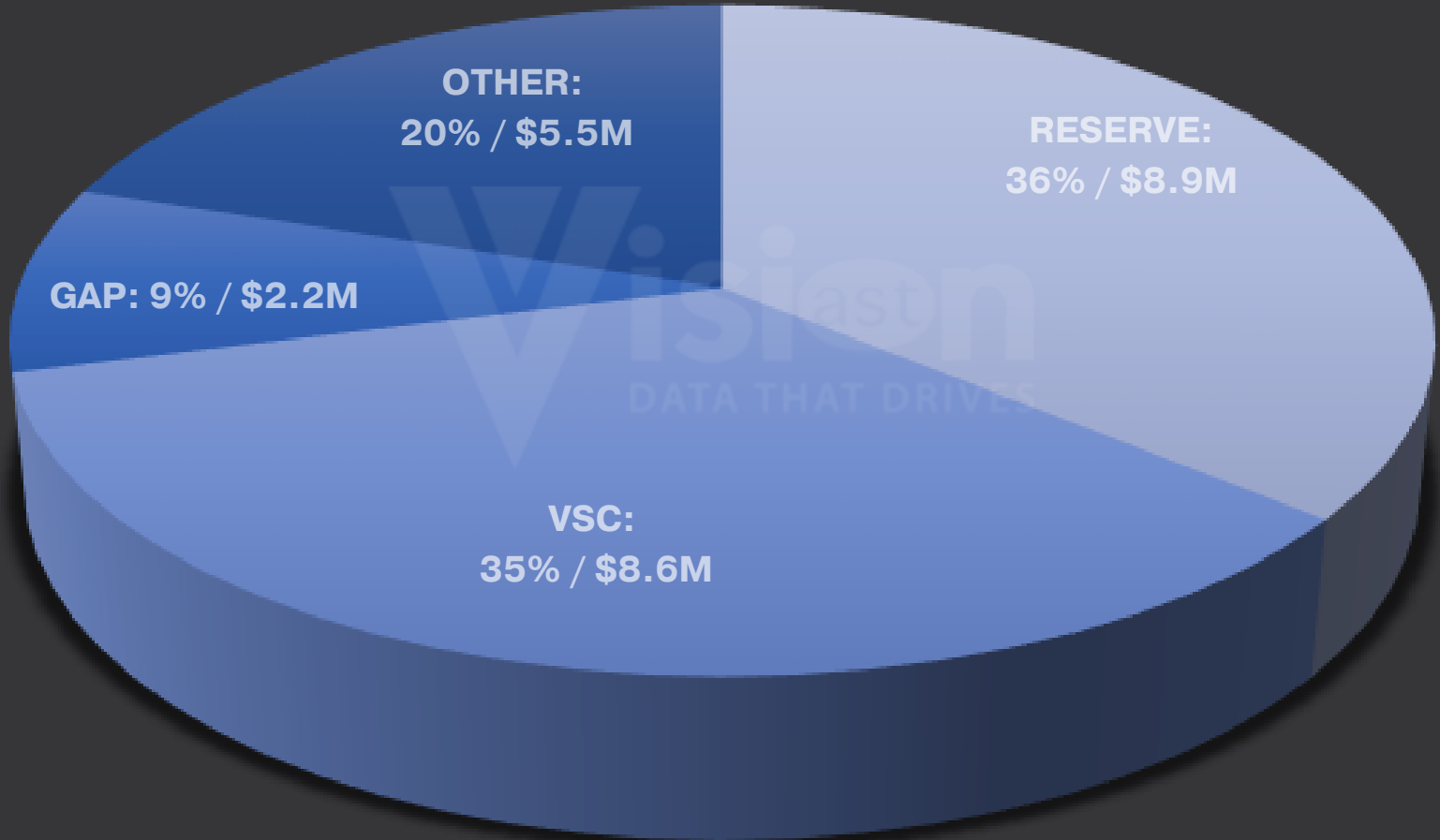
**COMPARSION**

 Red shows current year

# F&I INCOME DISTRIBUTION



February 2023



February 2024

With the increase of cash deals, finance reserve has decreased as a percentage of F&I income distribution.

# ACTION PLAN

## OUR RECOMMENDATIONS



### PRE-PAID MAINTENANCE

01

As front-end profits dip, service departments are becoming a vital part of dealer profitability. Pre-paid maintenance will retain more service customers and also increase the likelihood that the customer will eventually return for their next purchase. Lastly, when the customer does trade in that vehicle, the dealer knows how well it was maintained and can have confidence in the quality of the vehicles being sold on the used lot. It's also a good selling point for the sales team.

### IT'S ALL ABOUT THE F&I PRODUCTS

02

1. Use an F&I menu to present 100% of the products to 100% of the people 100% of the time.
2. Preloaded F&I products have been proven to drive additional product penetration and profit. This can particularly help with higher F&I grosses on cash deals. In addition, preloading products that can't be charged back like appearance protection are good for a dealer's reinsurance position.
3. Investigate bi-weekly and product only financing plans that foster additional product sales. Biweekly plans improve a customer's equity position in their vehicle more quickly, shortening the trade cycle and offering more flexible conditions for adding additional protections. Product only financing has become important with the rise of negative trade equity capping financing options for some customers.

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# GET IN TOUCH



## WEBSITE

<https://www.visionast.com/>



## EMAIL ADDRESS

[support@visionast.com](mailto:support@visionast.com)



## PHONE NUMBER

518.693.4182

