

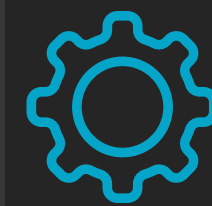


ANALYTICS STATISTICS TRENDS

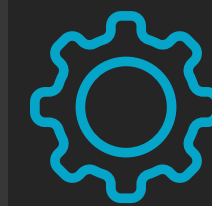
Recent Trends in Automotive Dealership Profitability. Where, Why and How to Overcome the Challenges.



INTEREST RATES PER YEAR

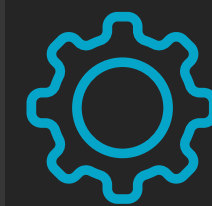


After 2 years of Covid-driven dealership profitability due mainly to limited inventories, the reality of a more equal balance between supply and demand is driving dealer competition. In turn, margins are slimming back to pre-pandemic levels.

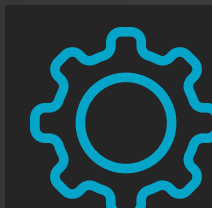


To make matters more challenging, interest rates are at a 10-year high and nearly double those of just 18 months ago. High interest rates have pushed more buyers to seek alternative funding through credit unions and tapping into their home's equity.

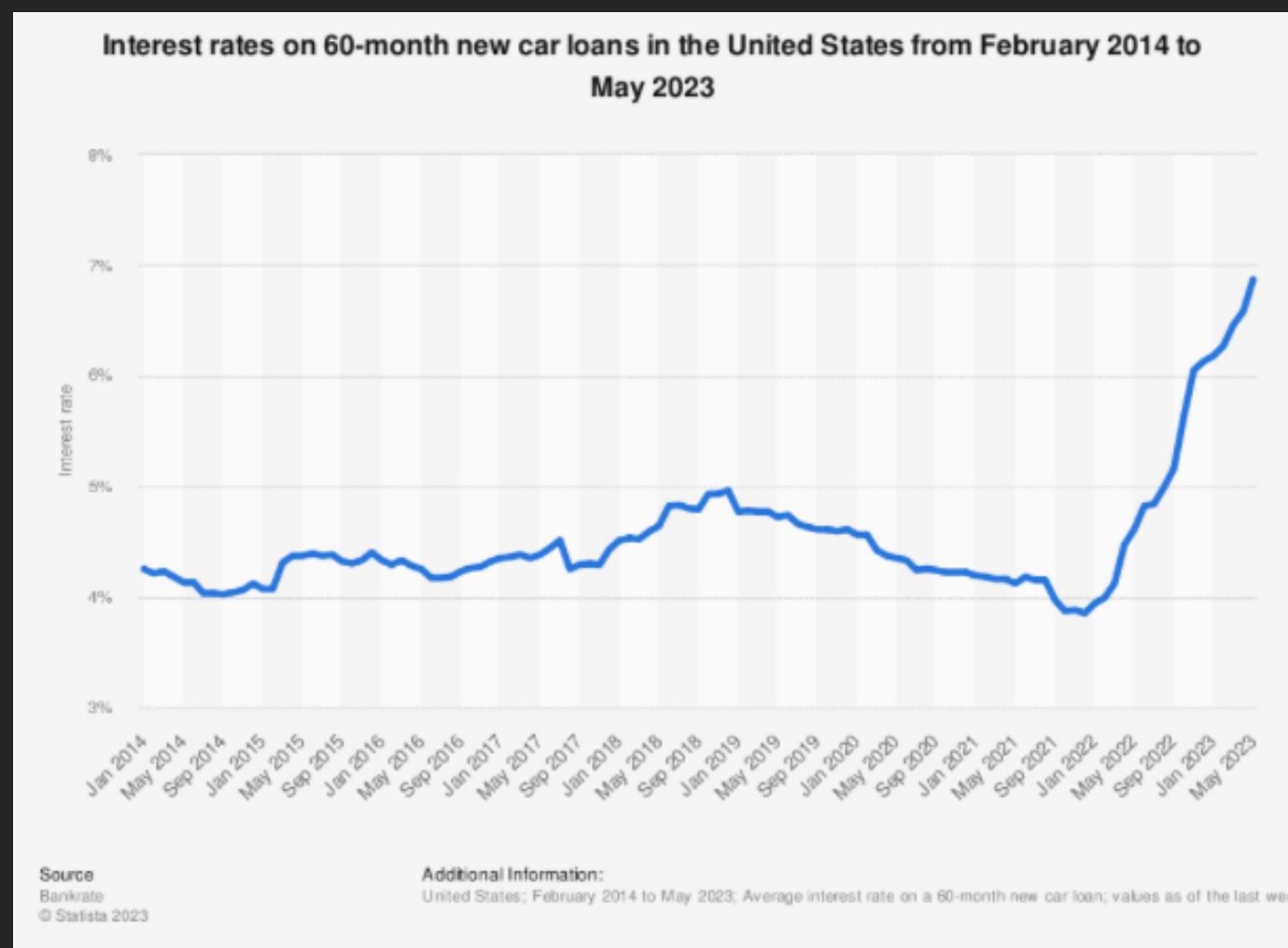
WHAT THIS MEANS FOR THE DEALER



Dealers are seeing more cash deals, meaning buyers are choosing not to take advantage of indirect lending arranged by the dealer. In return for arranging indirect lending, dealers are compensated in the form of a finance reserve payment from the lender. Nothing is earned here on a cash deal.



Secondly, when a vehicle purchase is funded in this manner it provides a greater opportunity for the dealer to offer additional products that can often be financed within the same loan.



Average car payment in the US was \$725/month in the first half of 2023, an increase of 11.5% from \$641/month in 2022.

EXAMPLE:

A VEHICLE SERVICE CONTRACT (VSC) THAT COSTS \$2,900 MAY ONLY ADD \$40-\$50 TO THE BUYER'S MONTHLY PAYMENT.

A BUYER IS LESS LIKELY TO PART WAYS WITH AN ADDITIONAL \$2,900 AT SIGNING IF SHE IS PAYING CASH.

WHEN A BUYER USES THEIR CREDIT UNION OR HOME EQUITY, THEY OFTEN HAVE THE MONEY IN HAND WHEN THEY ARRIVE AT THE DEALERSHIP LEAVING NO ROOM FOR ADDITIONAL UPSELLING OF F&I PRODUCTS.





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

OUR GOAL IS TO:



ILLUSTRATE HOW THESE TRENDS ARE AFFECTING THE METRICS



***POINT OUT SOME POTENTIAL AREAS OF OPPORTUNITY TO
OVERCOME THESE CHALLENGES***



THE DATA

Comparing Income, Products, PVR & Penetrations

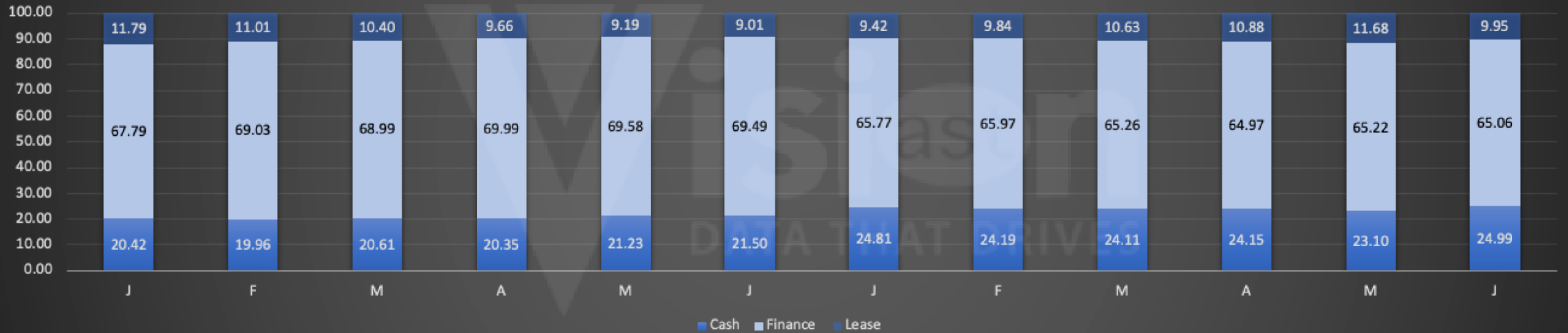
 **DATE RANGE**

2022 Q1-Q2
2023 Q1-Q2

 **DEALER VOLUME**

Over 100 dealers &
150,000 units

Cash v Finance v Lease



Avg PVR: January - June 2022 = \$1,837.25

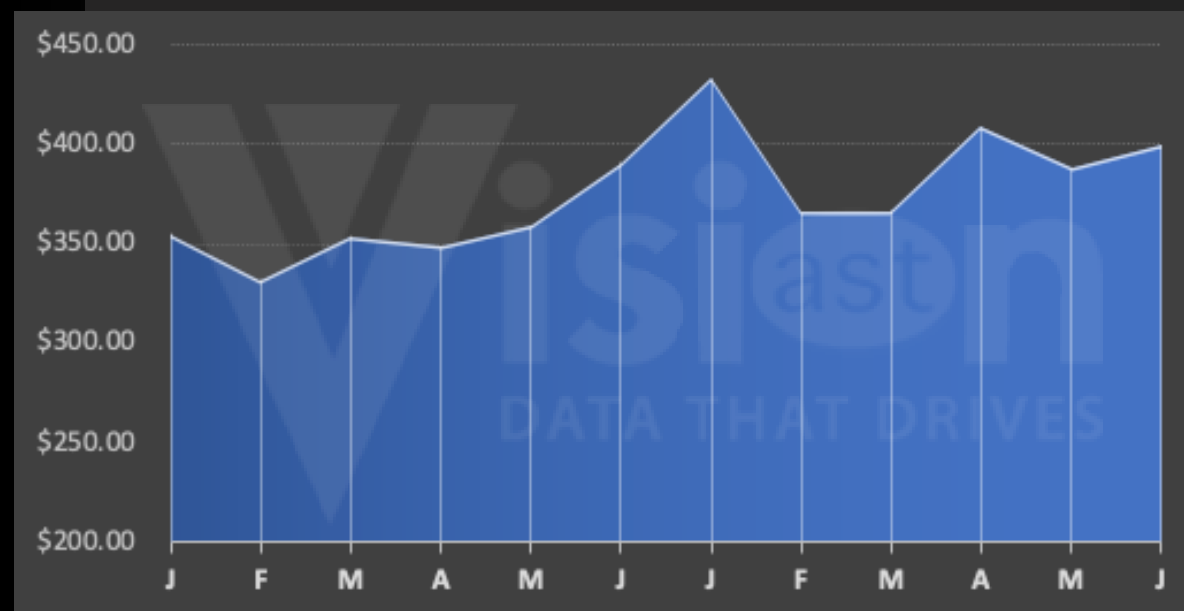
January - June 2023 = \$1,700.72

CATEGORY PENETRATIONS

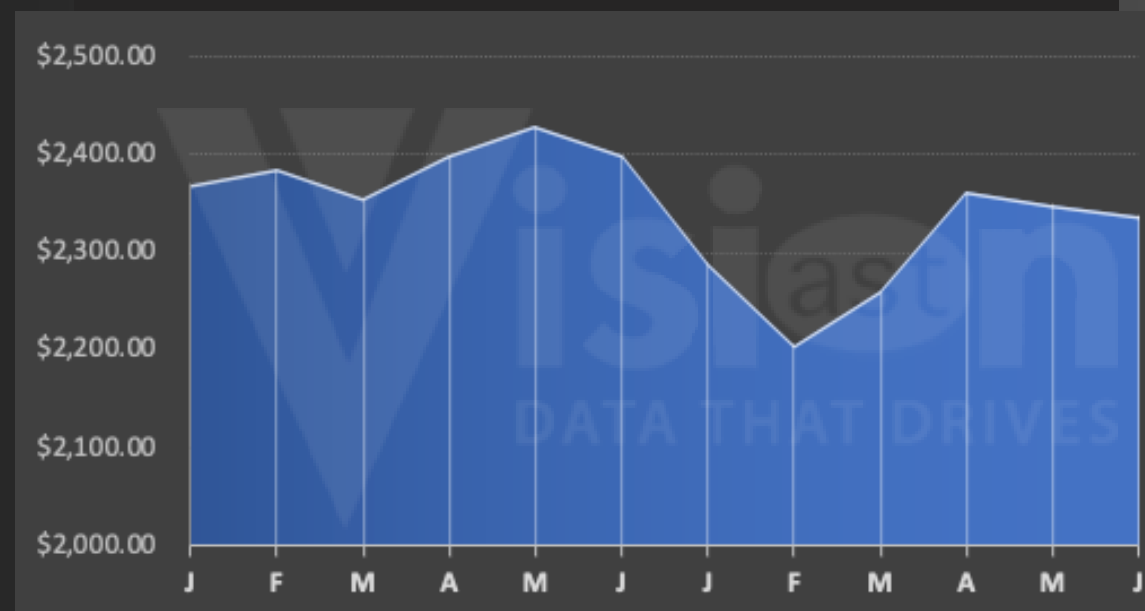
\$ Cash deal penetration has gone up over 4% since early 2022 - Resulting in lost profit of \$4.28 million in the first half of 2023.

\$ VisionAST platform users have seen the highest Finance PVR in the months May – July.

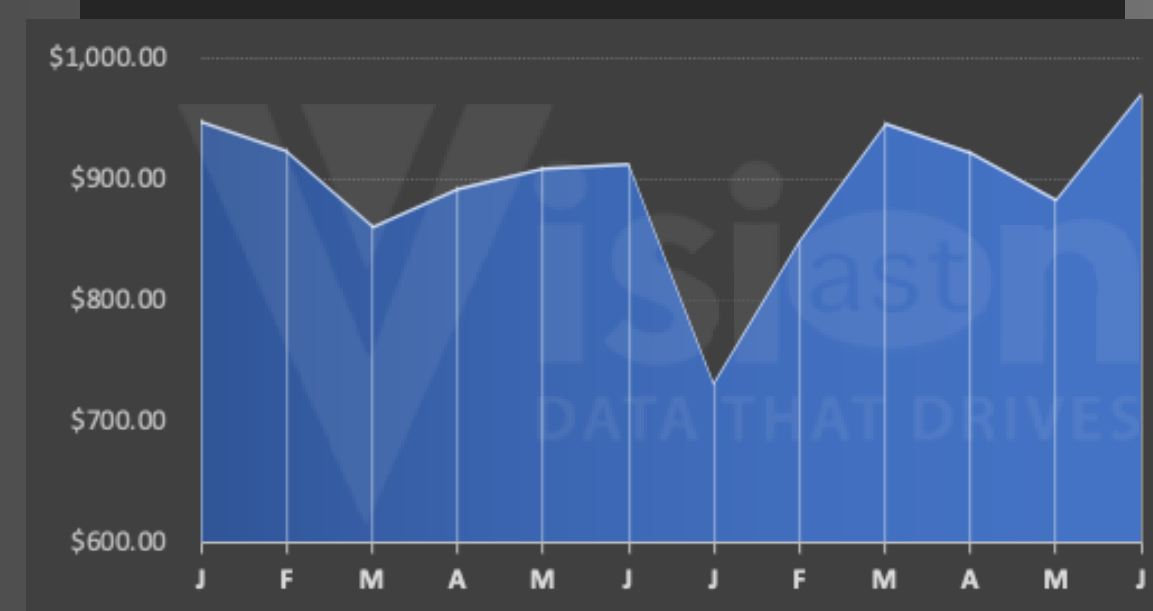
PVR BY CATEGORY



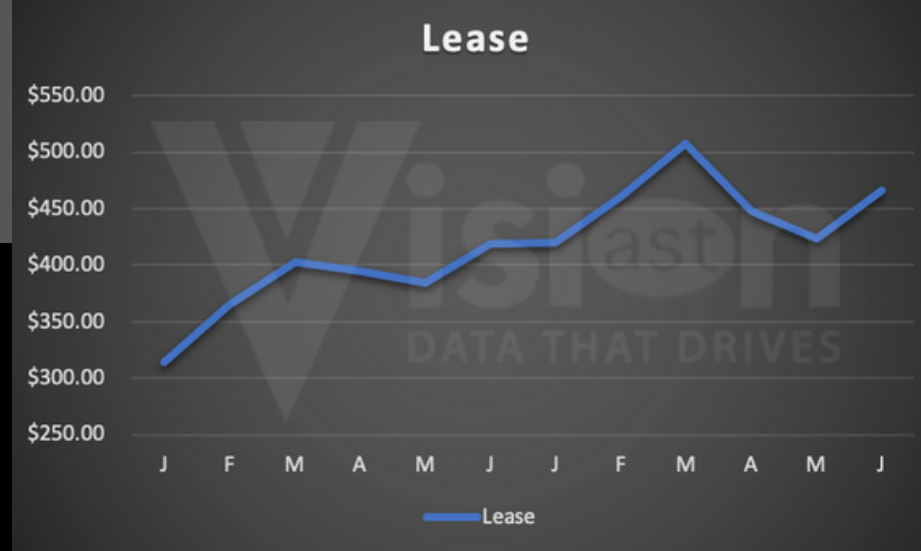
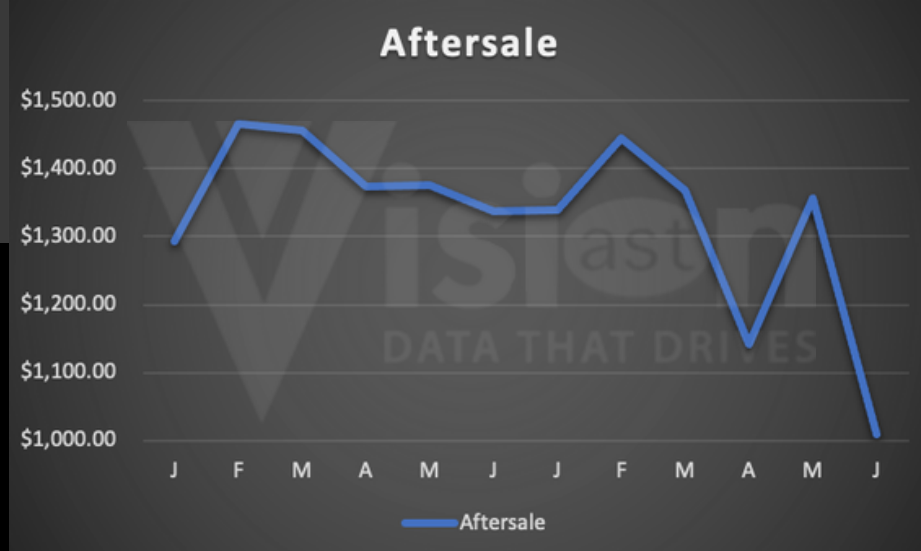
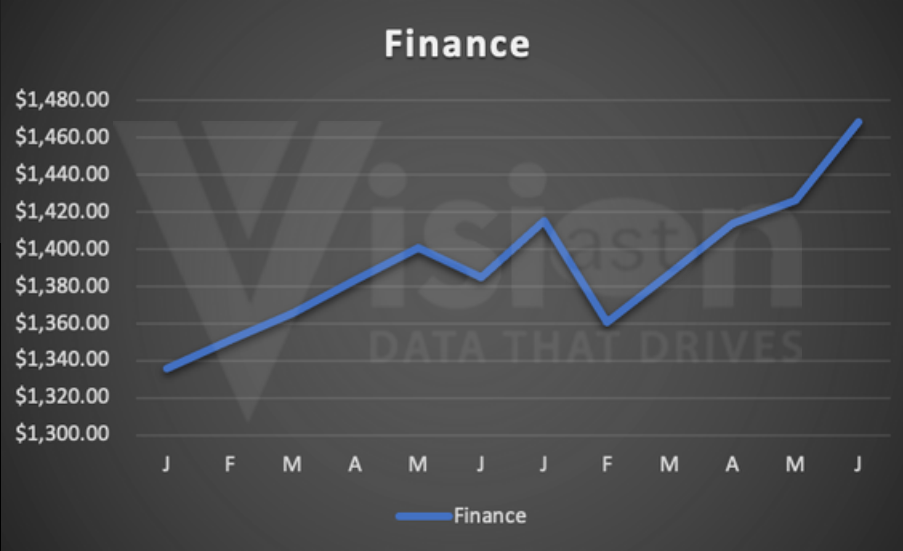
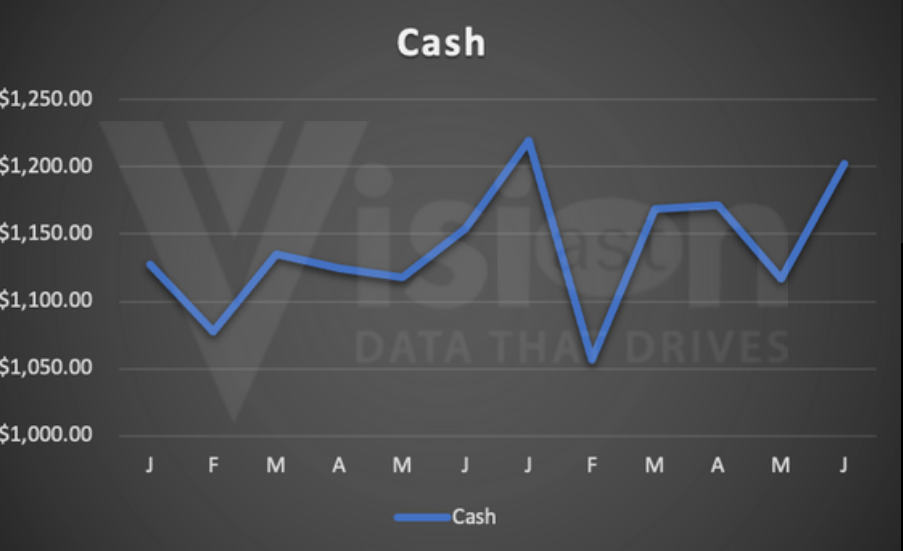
CASH



FINANCE



LEASE



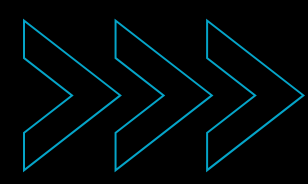
Avg VSC Profit: 2022 = \$1,122.75
2023 = \$1,155.88

2022 = \$1,370.02
2023 = \$1,411.81

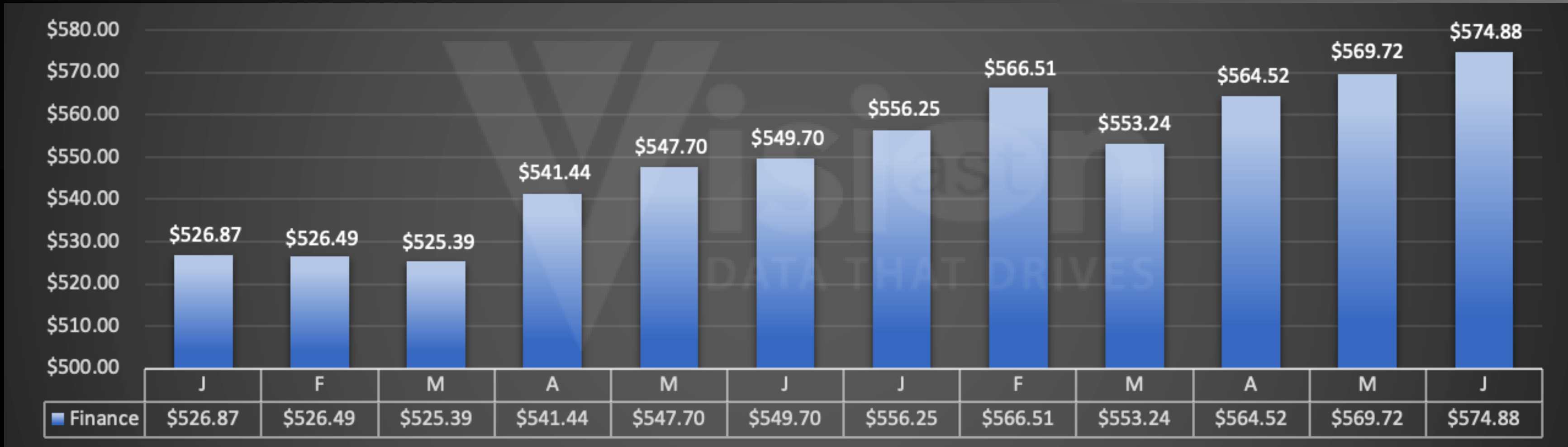
2022 = \$1,383.11
2023 = \$1,276.53

2022 = \$380.06
2023 = \$1,411.81

VSC INCOME BY CATEGORY



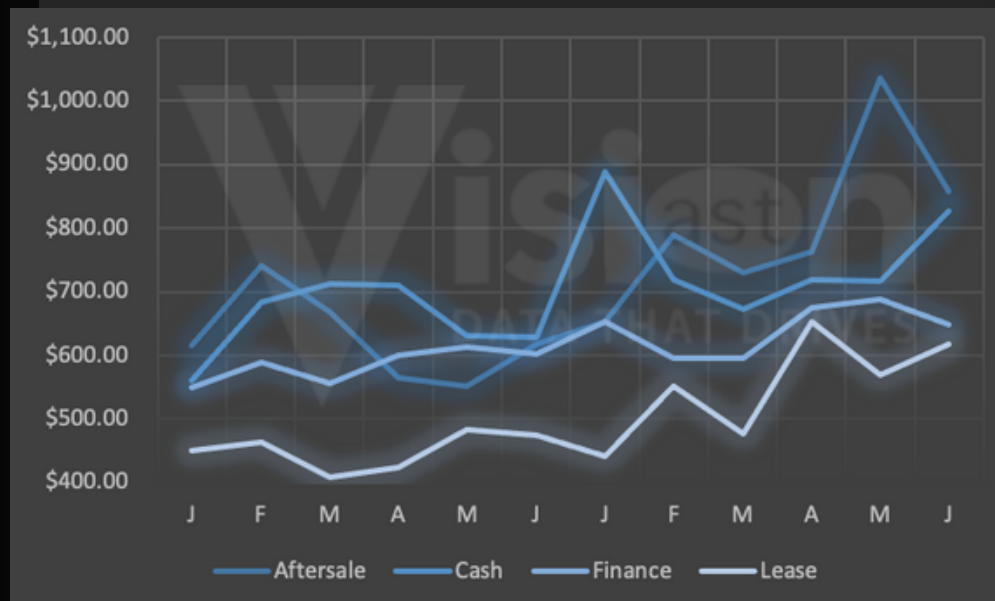
Vehicle service contracts are 3X more likely to be sold on a finance deal for an average increase of \$250 per contract.



AVERAGE GAP INCOME

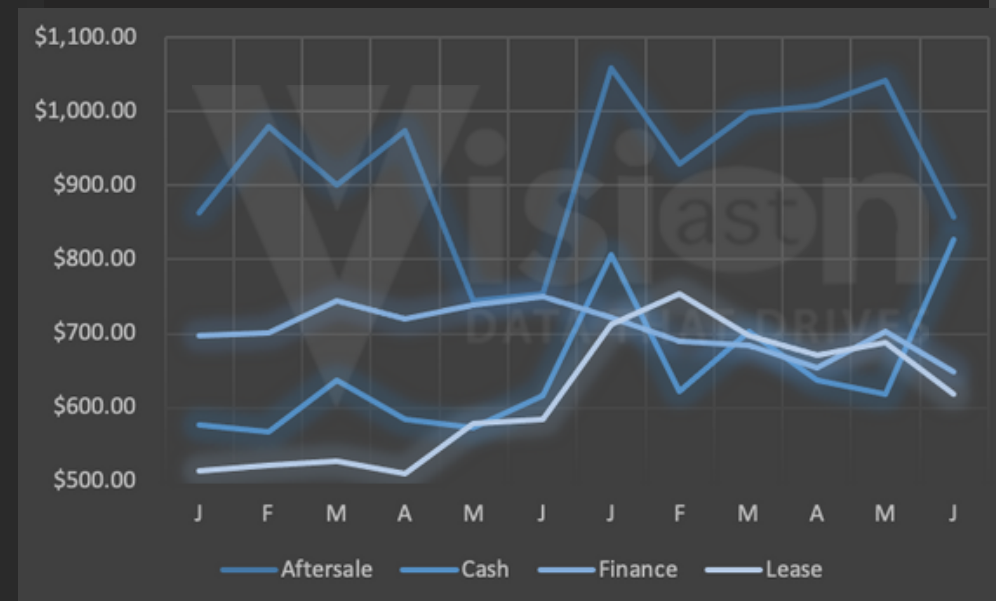
»»» GAP income has increased 9% while GAP penetration has increased 3%.

AVERAGE INCOME



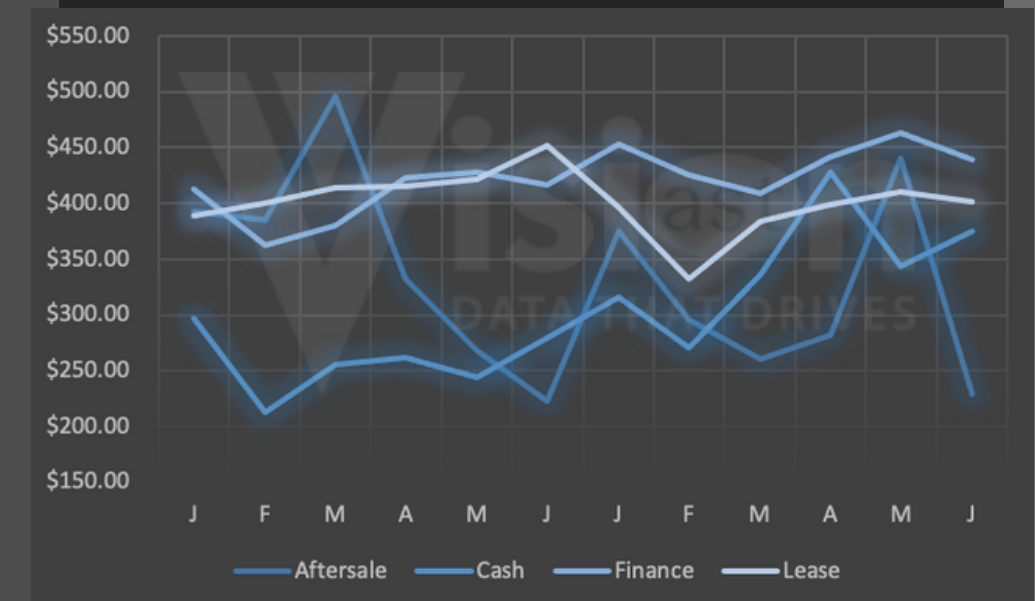
TIRE & WHEEL

T&W profitability has increased over \$65 since 2022.



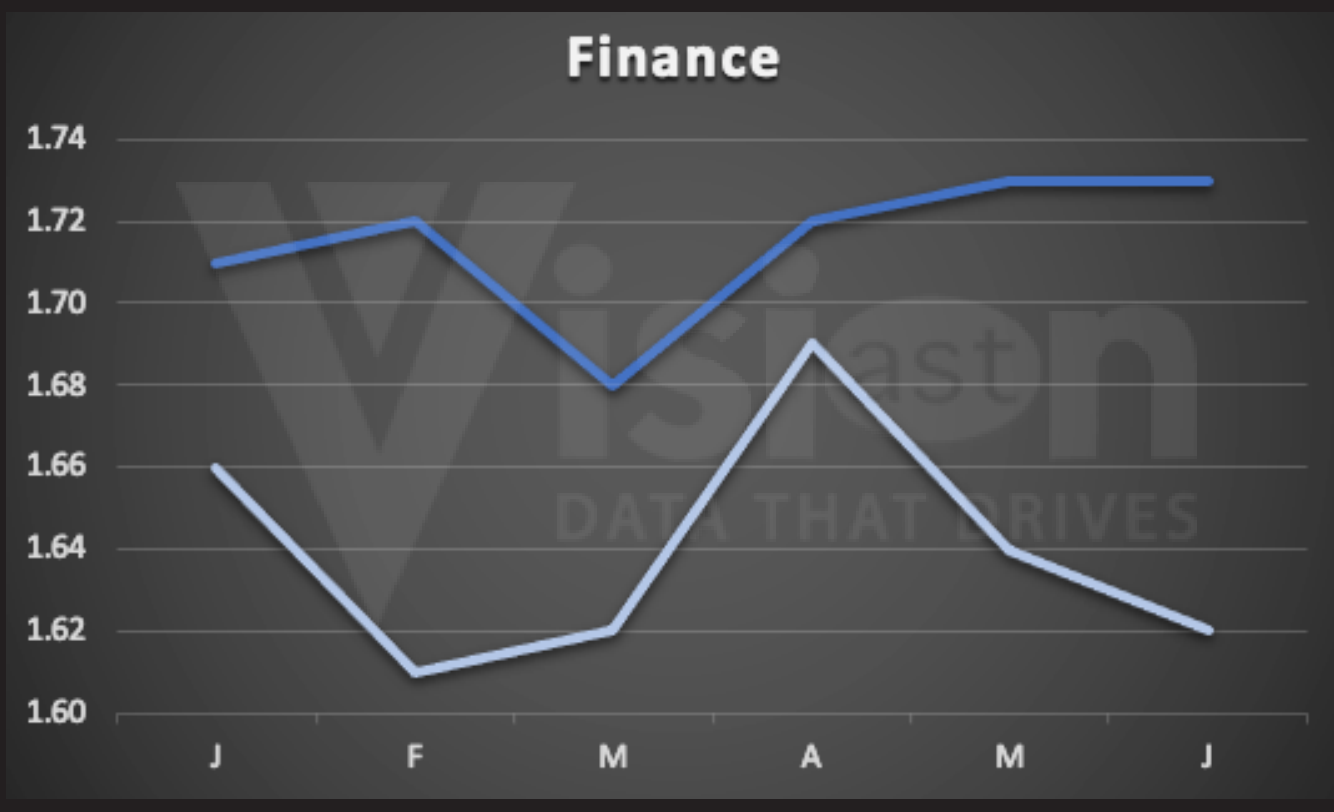
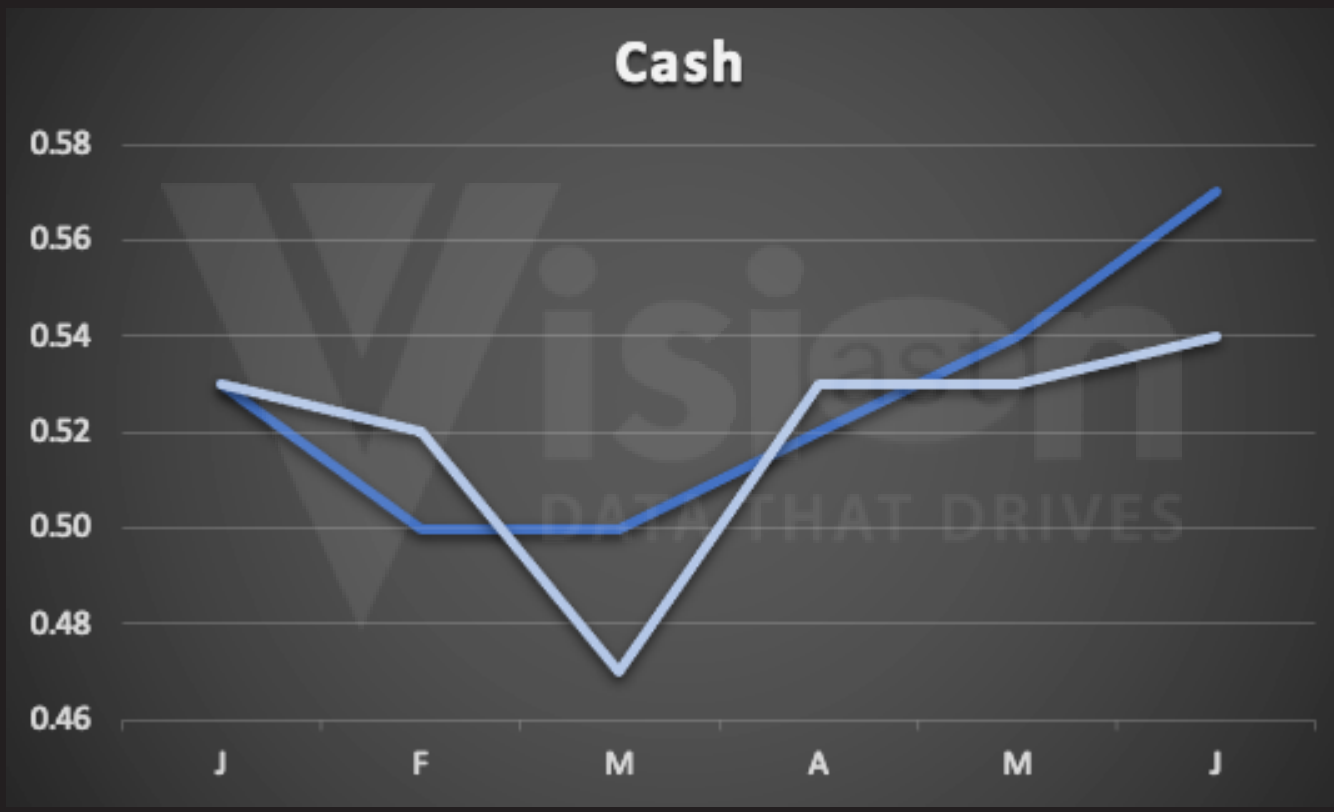
APPEARANCE

The second most profitable F&I product behind VSC at an average of \$687.96.



MAINTENANCE

PPM income on cash deals has increased 30% since 2022.

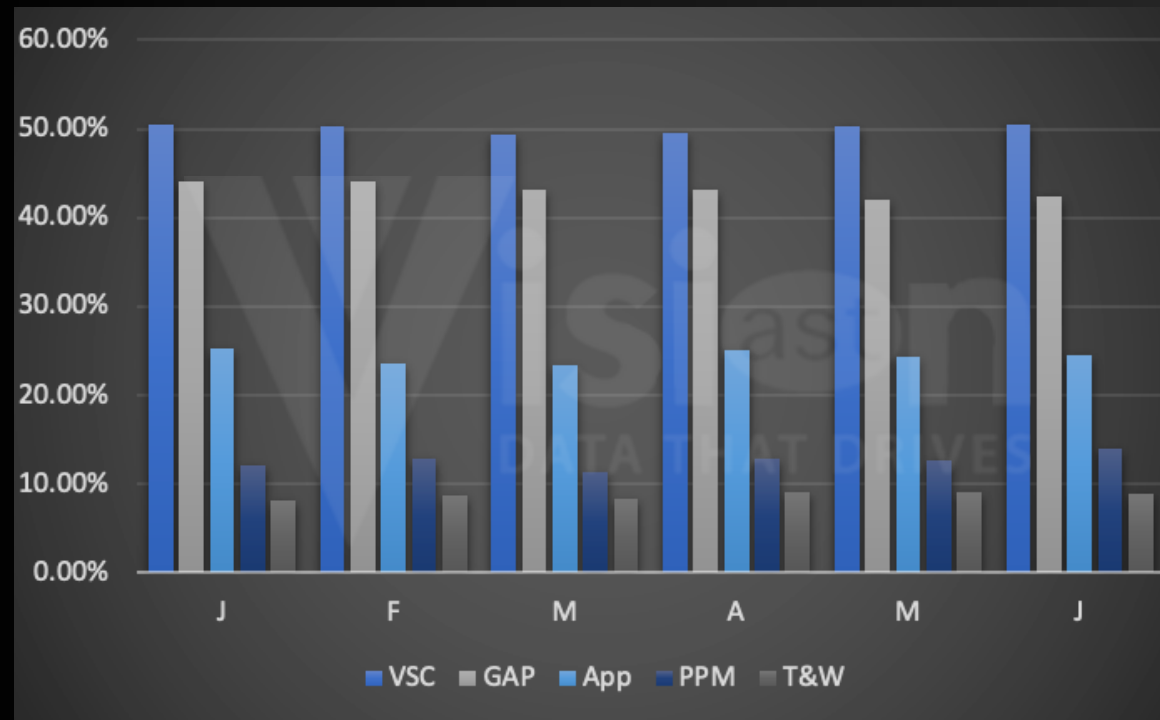


PRODUCT PER DEAL

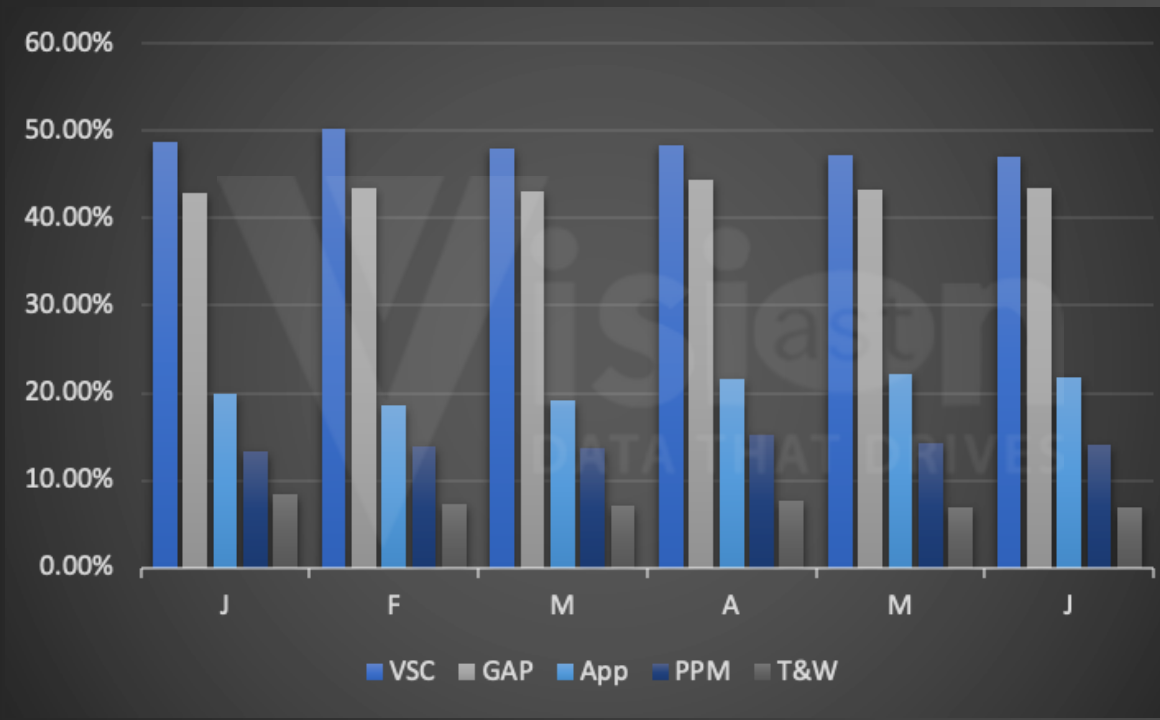
Light blue indicates 2023

- ✓ F&I PVR has decreased \$92.16 since 2022 Q1.
- ✓ Sales PVR has decreased \$856.79 since 2022 Q1.
- ✓ 2022 Q1 had 40% of all profit come from F&I. Currently, 48% of profit comes from the F&I office.

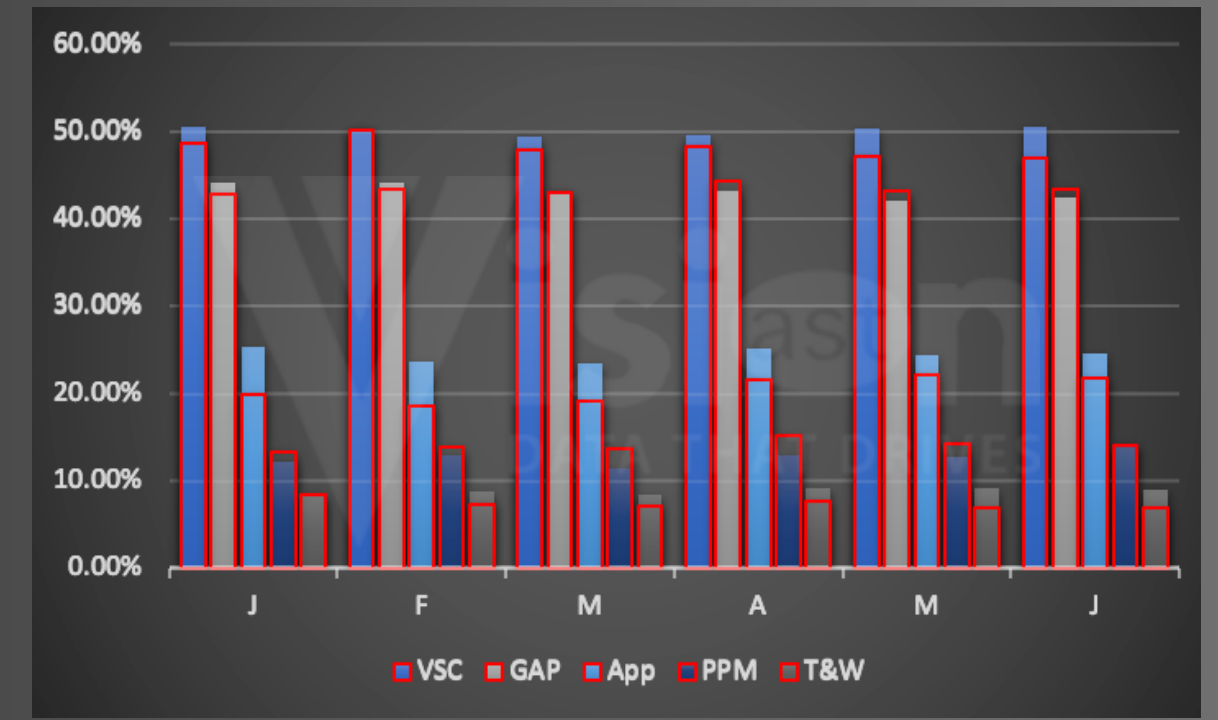
PRODUCT PENETRATIONS



2022 Q1-Q2



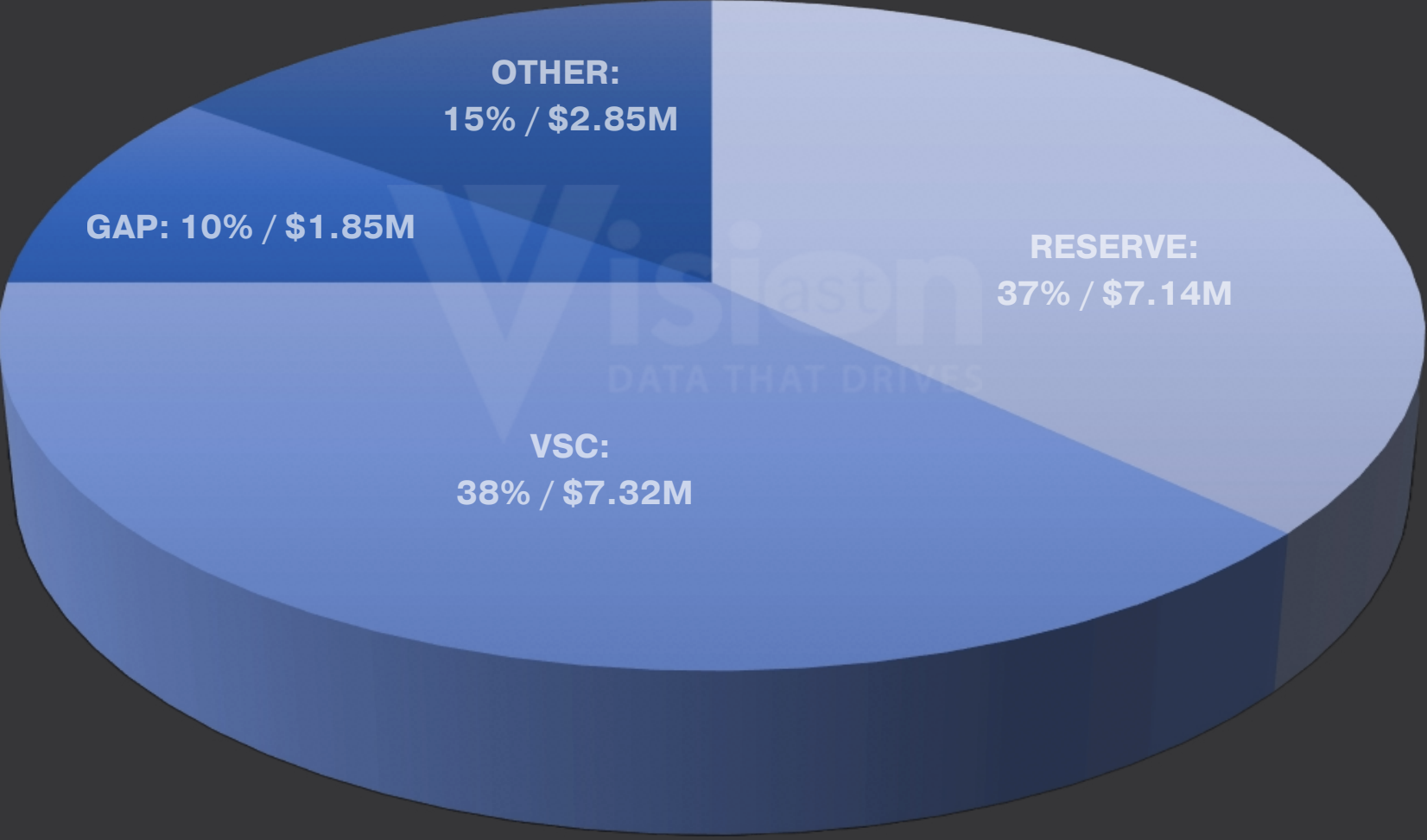
2023 Q1-Q2



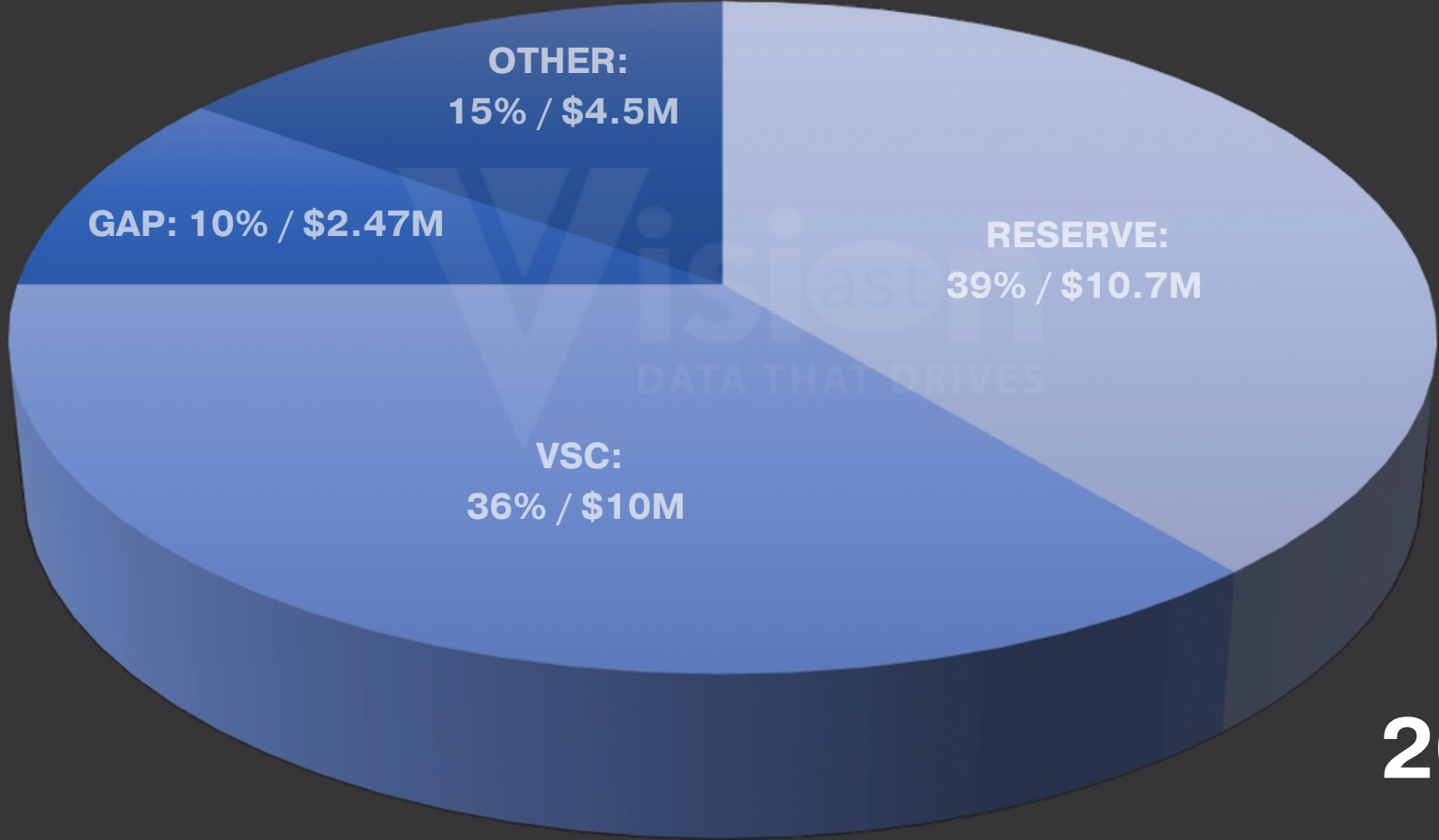
COMPARSION

 Red shows current year

F&I INCOME DISTRIBUTION



➤ 2023



2022 ◀

With the increase of cash deals, reserve has had a decrease in F&I income distribution.

ACTION PLAN

OUR RECOMMENDATIONS



MAKE SURE PRE-PAID MAINTENANCE (PPM) IS PART OF EVERY F&I PRESENTATION

01

As front-end profits dip, service departments are becoming a vital part of dealer profitability. Not only will this retain more service customers but 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.

PRELOAD PRODUCTS

02

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.

DEALERS SHOULD TRAIN THEIR SALESPEOPLE TO ADDRESS THE CUSTOMER'S FINANCING PLAN EARLY IN THE PROCESS.

03

For example, if the customer states they are going to their credit union: "That's great, Mrs. Customer. Let me get you information on the products you'll need to protect your vehicle, so you have it with you when you visit the credit union."

GET IN TOUCH



WEBSITE

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



EMAIL ADDRESS

support@visionast.com



PHONE NUMBER

518.693.4182

THANK YOU



DATA THAT DRIVES

