

During the most restrictive periods of the Covid-19 lockdowns in the United States in the spring and summer of 2020, people forced to stay home from work had plenty of free time and free money. Many of these people were seeking new and exciting ways to enjoy the great outdoors.

In the RV sector for example, a record 11.2 million households owned an RV with sales in 2021 increasing 33.8% over the prior year. This demand coupled with a dramatic slowdown in manufacturing resulted in major units in powersports, marine and RV selling at an unprecedented premium. This trend continued through 2021 and into early 2022.



The second half of 2022 saw signs of sales volume and dealer profitability returning to pre-pandemic levels as inflation drove up major unit costs and reduced consumer buying power. Q3 of 2023 saw some of the most dramatic market corrections with decreases in total gross profit, PVR and F&I products per deal (PPD).

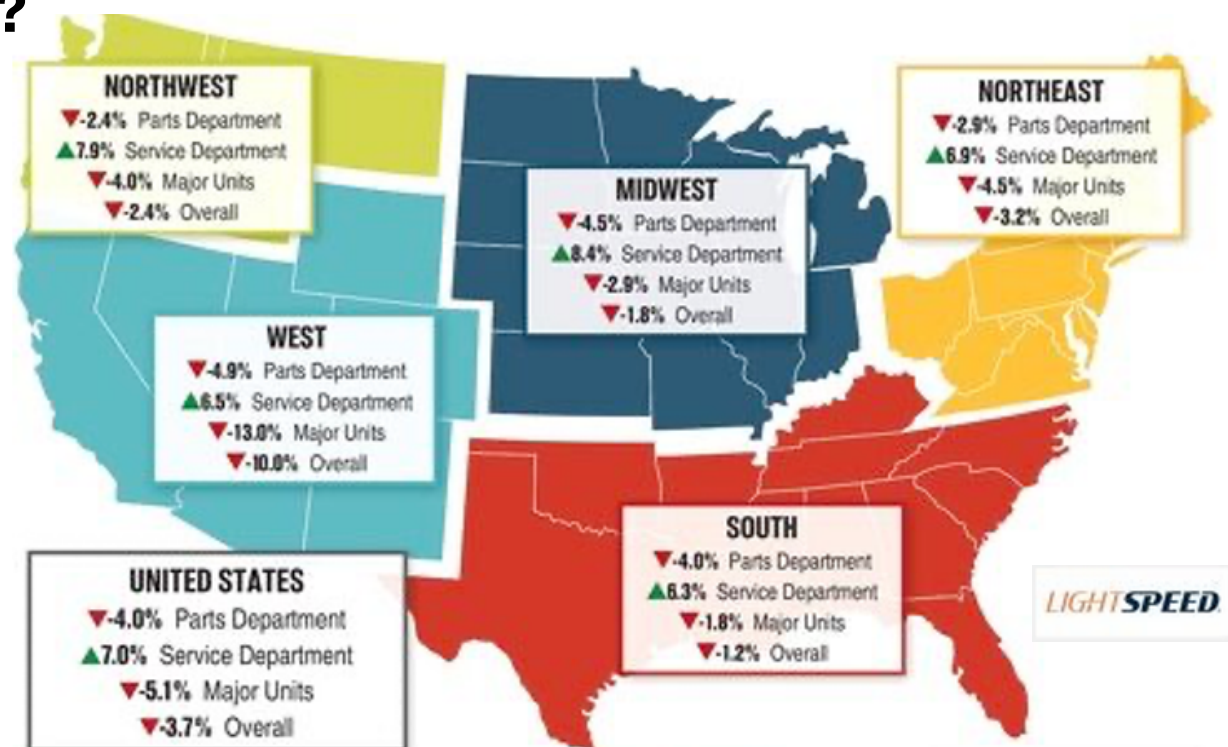
Some key 2023 Q3 trends:

- PVR down over \$50
- Total Profit Margin Down 3%
- 3rd Lowest PPD since the end of 2021

In addition, high interest rates and more conservative lending practices have slowed sales growth and limited F&I product sales. High monthly payments have limited the number of F&I products being sold per unit as well as the dealer profitability of these F&I products.

How Have Dealers Adjusted?

Nationally, dealers have placed a sharp focus on their service departments. Since the summer of 2020 the market has been flooded with inventory, all of which needs regular servicing. The best operators have focused on retention programs to ensure these new sales customers remain satisfied and continue to return for service and ultimately for their next purchase.



Dealership Total – Report Counts:

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Location	KAWASAKI	Can-Am	POLARIS	Trailer	SUZUKI	SEA DOO
Progressive Powersports Granbury	\$234,233	\$383,952	\$190,331	\$7,147	\$16,376	\$20,933
Average	\$10,184	\$25,597	\$19,033	\$2,382	\$8,188	\$10,466
Sales GM%	15.5%	7.7%	14.1%	14.9%	3.1%	6.3%
F&I GM%	6.3%	2.3%	3.2%	3.1%	3.0%	4.6%
Total GM%	21.7%	10.0%	17.3%	18.0%	6.1%	10.9%

Additionally, top performing dealers use tools like PowerVision by VisionAST to analyze gross profit margin by vehicle class and manufacturer to ensure they are stocking their most profitable units.

F&I is Part of the Solution

Lastly, many dealers were slow to emphasize F&I during the pandemic boom. As sales margins continue to shrink back to pre-pandemic levels, F&I can be a consistent and dependable source of income for dealers. A good F&I department can drive profit through product sales, customer satisfaction by helping the customer protect their investment and service retention through programs like pre-paid maintenance.