

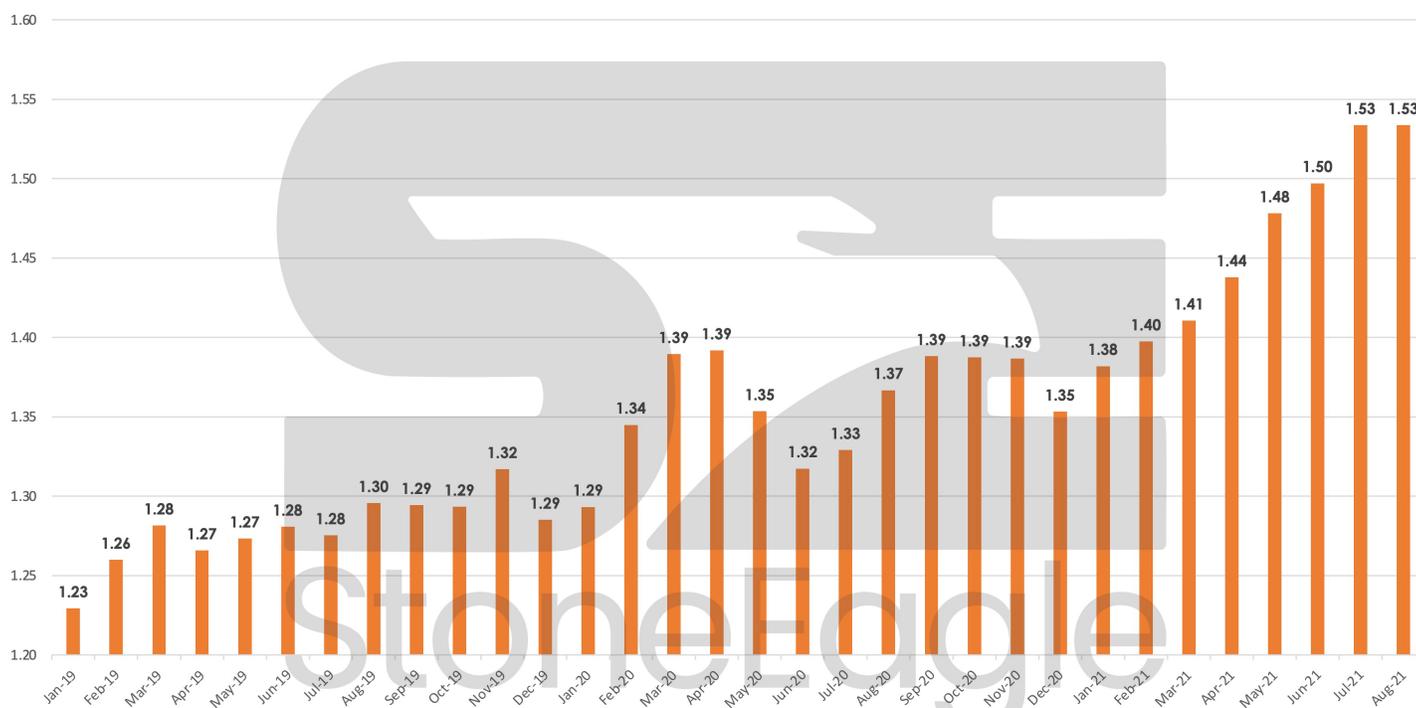


Could there be a Silver Lining to 2021's Microchip Shortage?

It's October 2021 and American automotive dealerships have not only managed to survive a global pandemic, along with the transition to Digital Retail, but thrive. And yet, there's another issue plaguing franchise dealerships- an ongoing, nationwide microchip shortage. As a result, dealers are running out of new car inventory. There are simply not enough options for new car buyers. Dealerships have empty parking lots, customers are waiting months for vehicles to be built, or rethinking their vehicle preferences in favor of used cars.

Franchise dealers are watching the sales mix at their stores transition from a majority of new cars sold each month to a majority of used cars sold monthly. In fact, in September 2021, new car sales dropped to 48% for the first time. This trend will only increase throughout the end of 2021, as the chip shortage drags on.

ALL PPD



What does this mean for F&I?

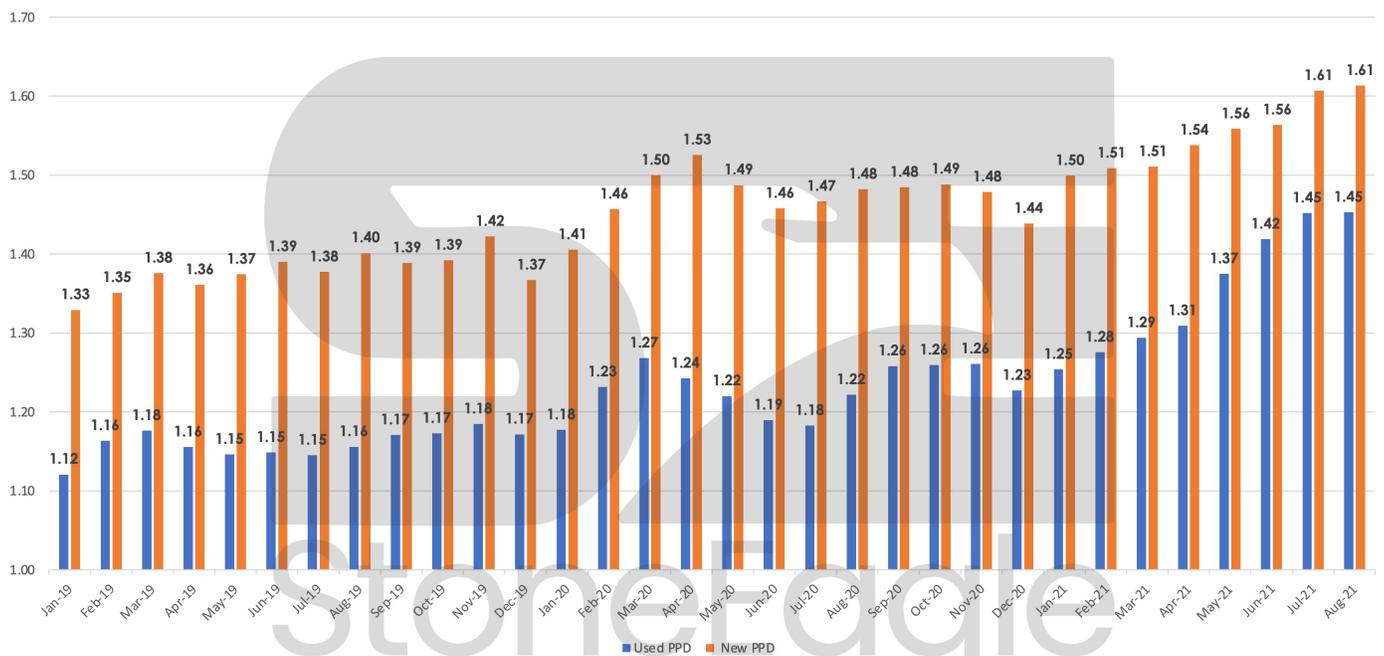
F&I has begun moving upstream in the vehicle purchase process. Typically, F&I income per retail unit (PRU) yields two hundred dollars less on used cars than new cars. There are multiple reasons for this including the fact that, in the past, F&I averaged 1.3 products per deal on used cars, versus 1.53 products per deal on new cars. In contrast, vehicle service contract (VSC) attachments are an average of 6% higher on used vehicles than new ones.



What does successful F&I look like?

With the unique circumstances of today's automotive sales environment, dealers must shift their focus for F&I success. Aftermarket products must be upsold to used car customers, not just new car customers. This is because the car buyer mindset has changed. Many of today's used car customers are actually new car buyers, due to the lack of available new car inventory. These buyers are used to purchasing aftermarket products on new cars, so there's less pushback on this part of the sales process. For certified vehicles, F&I departments should focus on building value for programs that are related to the appearance of those vehicles.

NEW VS USED – PPD



Focusing on items that are typically considered to be new car aftermarket products, such as appearance packages and key replacements creates easier upsell opportunities for automotive dealerships. When a "new car" customer is buying a used car, it's still new to them, so utilizing a sales approach that focuses on building credibility around the vehicle's condition and value apply more than ever today.

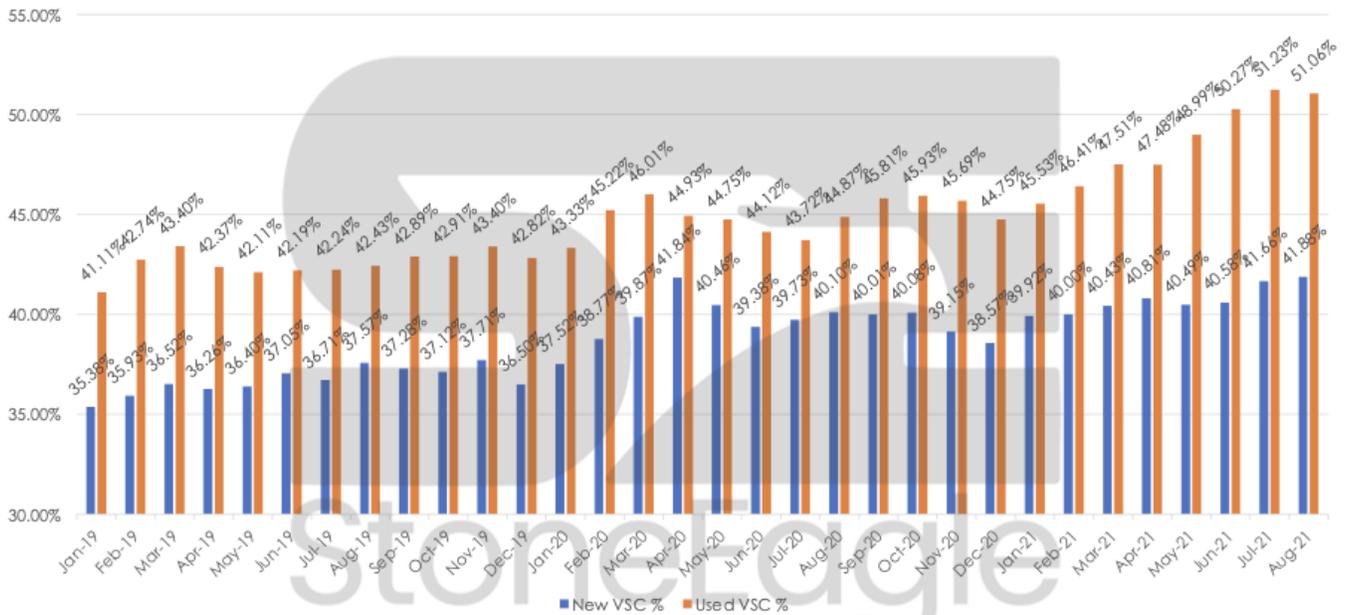
The data supports this shifting mindset for new and used car buyers in 2021. In the first half of this year, retail automotive dealerships sold an average of 1.56 F&I products per deal on new cars and 1.37 F&I products per deal on used cars. This upward trend in products per deal is an increase of 88% for new cars and 84% for used cars since 2019, with no sign of tapering off.



Year to date, dealerships using StoneEagleMETRICS have sold Vehicle Service Contracts on over half (51%) of all Used Car Sales in 2021, and 42% of all New Car Sales in the same time period. This is an increase of 7% year over year for used vehicles and an increase of 10% since 2019- a trend that can be expected to continue throughout 2021, if circumstances remain unchanged.

StoneEagle helps over 6,000 dealerships nationwide measure the effectiveness of F&I in their stores, with proven results.

NEW VS USED VSC PEN



Dealers using StoneEagleMETRICS outperformed the industry average PVR by more than 30% in 2020. With an unmatched data pool built from over 30 years in automotive retail, StoneEagleMETRICS makes it possible for dealers to track F&I trends at both strategic and granular levels, opening the door to greatly improved income development. Don't waste another moment letting your store underperform! Get started with StoneEagleMetrics today.

