

# Economy-proof your PVR

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New car prices continue to rise in 2023 and are expected to remain high due to persistent global supply chain issues, chip shortages, and inflation-related costs. According to J.D. Power, the average price paid for a new vehicle in the U.S. increased 4.2% year-over-year in January 2023. At the same time, higher-priced fuel, banking and financial market concerns, and elevated interest rates are putting a tighter squeeze on consumers' purchase power, affecting auto sales.

The lack of new vehicles has increased demand for used cars with average prices tracking around 30% of pre-pandemic levels.<sup>1</sup> However, demand for both new and used cars has dropped dramatically as a result of record-high sticker prices, higher interest rates, and a reduction in trade-in values. And fewer new vehicles on the road mean there are fewer vehicles to trade in, reducing used car inventories. J.D. Power also expects prices to decline by roughly 10% for used cars and by 2.5% to 5% for new cars in 2023. These headwinds will undoubtedly affect your bottom line. What are you doing today to counteract these economic pressures?



### Act now to protect against economic volatility

Taking steps now to economy-proof your PVR can help you protect what you've built and insulate your dealership from economic factors affecting the profitability of both new and used auto sales.

You can combat volatility by:

- **Offering protection products that provide true consumer value**  
By offering a select array of financial services and protection products to your customers, you can help them manage the unexpected during life's turbulent times so they can better maintain a budget.
- **Developing a process-driven mindset within the dealership**  
A process used inconsistently is not a process. The F&I process has a direct impact on the customer experience. Economy-proofing your PVR requires a checks and balances system that ensures team accountability to dealership procedures. This creates a customer-centric dealership culture that consumers desire.
- **Partnering with companies committed to protecting your current profits and identifying new opportunities**  
The right company should possess financial strength, subject matter expertise, proven systems and processes, and a robust local and national presence of highly trained team members capable of supporting your specific vision.
- **Consistently investing in your team through focused in-store training and development**  
Equipping your managers with the resources and expertise to coach and train for higher performance is essential to increasing profits within the dealership. For example:
  - Routine one-on-one coaching sessions between managers and sales consultants, Recurring training sessions in areas such as how to establish a great first impression, qualify a customer for a proper vehicle selection, execute a compelling vehicle presentation and demonstration, and conduct a professional turn-over, just to name a few.
  - Additionally, encourage your F&I team members to fully engage at each step of the process. This includes sales support in meetings, and customizing F&I menus so they offer all applicable financial services products to every client regardless of transaction type to improve F&I profits.

Economy-Proofing your PVR requires the right products, mindset, partners, training, and personnel growth. Zurich can help you protect what you've built. Contact your local Zurich representative to get started.