

Appraiser Blog

# The Essential F&I Strategies for Auto Dealerships in 2024



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As we step into 2024, the auto industry is facing a unique set of challenges: rising interest rates and high vehicle prices are squeezing dealership profit margins, demanding a strategic pivot.

EFG Companies steps in with sage advice, emphasizing the importance of focusing on fundamental F&I skills and the value of product offerings to navigate this new terrain.

This introduction to EFG's strategies for thriving in 2024 combines practical advice with innovative approaches, aiming to equip F&I managers with the tools needed to not just survive but excel.

By honing sales skills and maximizing the potential of car protection products, dealerships can move beyond current economic pressures.

This sets the stage for growth and resilience, laying the groundwork for a discussion on adapting and succeeding in the changing auto market.



## Understanding the 2024 Market Conditions

The auto market in 2024 presents a unique challenge: dealerships have more cars in stock, yet buyers grapple with rising interest rates and stubbornly high vehicle prices. This combination squeezes buyers' wallets and ripples across the industry, impacting sales and financing strategies.

Higher borrowing costs make car loans less appealing, while unchanged high prices make deals harder to finalize. This scenario reshapes the sales environment, pushing dealerships to find new ways to attract and retain customers.

Understanding these market dynamics is crucial, as they significantly influence sales strategies and financing options offered to consumers. Recognizing these challenges and adapting accordingly is key to success in this evolving landscape. Dealerships that can meet the evolving needs of car buyers and adjust their strategies will be best positioned to thrive.

## Adapting to Challenges: EFG's Key Strategies

In response to the challenging 2024 auto market, EFG Companies, a leader in the F&I space, recommends a two-pronged approach for dealerships: sharpening core F&I skills and focusing on maximizing revenue from F&I products.

This recommendation stems from the tightening margins on traditional dealership profit sources like vehicle sales and financing due to economic pressures. As a result, F&I products become increasingly essential to dealerships' success.

EFG emphasizes the crucial role of well-trained F&I managers. They need to master the art of selling, specifically in communicating the value of F&I products to customers.

This goes beyond just product knowledge. It requires F&I managers to understand and connect with customer needs and concerns, effectively explaining how F&I products provide specific benefits and address their unique situations.

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By focusing on these areas, dealerships can strengthen their position in this evolving market and navigate the challenges of 2024.

## Boosting Revenue with Car Protection Products

As traditional profits tighten, products like Guaranteed Asset Protection (GAP) insurance and vehicle service contracts become crucial.

Higher vehicle prices and depreciation make GAP insurance more relevant, protecting customers from financial losses in total loss situations.

Rising labor and parts costs make service contracts more valuable, offering peace of mind for unexpected repairs.

By effectively presenting these products and understanding their current relevance, dealerships can:

**Offer more value:** Demonstrate how F&I products address specific customer needs, making them a more attractive choice.

**Boost revenue:** Secure additional income as traditional profits shrink.

By adapting and focusing on the value proposition of specialized F&I products, dealerships can support customers and maintain financial stability in this challenging economic landscape.



### **Back to F&I Basics: Effective Sales Techniques**

Success in F&I requires a return to the basics of customer engagement and salesmanship. This means going beyond the surface level of transactions and engaging with customers on a deeper level to understand their driving habits, financial situations, and specific needs.

F&I managers need to be skilled in matching the right products to the right customer and crafting compelling narratives around the value and benefits of these products.

Effective communication and objection handling are also key, as these skills help in overcoming any reservations customers might have about the value of F&I products.

### **Investing in Staff: The Importance of F&I Training**

With the complexities of the 2024 auto market, investing in ongoing training for F&I staff is more important than ever.

EFG highlights the value of its training programs, designed to keep F&I managers at the cutting edge of sales strategies and financial regulations.

This training not only sharpens their skills but also ensures they are well-prepared to face the challenges of the current market, ultimately driving dealership profitability through improved sales effectiveness and customer satisfaction.

### **Conclusion: Preparing for Success in a Changing Market**

EFG Companies cuts through the noise of the current auto market (2024) with clear guidance for dealerships.

Their message is simple: focus on core skills, highlight the value of F&I products and adapt to the financial climate.

By doing so, dealerships can not only survive but thrive in this challenging yet opportunistic environment. Are you ready to embrace change and achieve success?