

## Menus Lift Megs' F&I Revenue

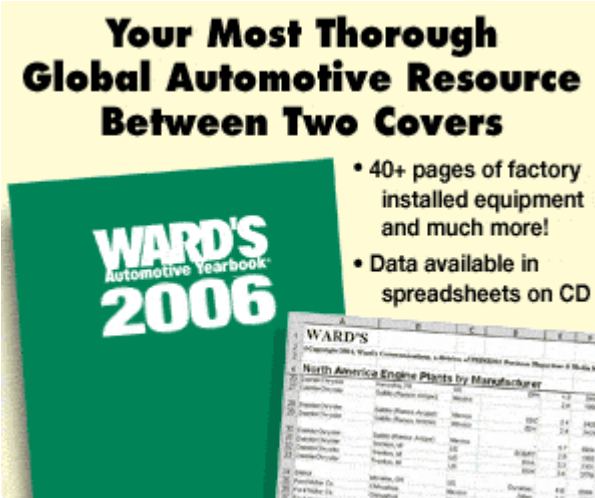
By Mac Gordon

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Like the tide that lifts boats, menu selling may be the wave that lifts F&I yields. It sure seems that way as the six major publicly-owned megadealers all upped their F&I revenues and yields per vehicles retailed (PVR).

The "Big Six" boosted their F&I revenues 11% in 2002 to a record \$1.21 billion, or about \$1 out of every \$30 the group reported in revenues. Their F&I PVR averaged \$806, up 9.1%.

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**North America Engine Plants by Manufacturer**

Manufacturer	Plant Name	City	State	Year
General Motors	Warren (Plant 3000)	Warren	MI	1992
General Motors	Warren (Plant 3001)	Warren	MI	1992
General Motors	Warren (Plant 3002)	Warren	MI	1992
General Motors	Warren (Plant 3003)	Warren	MI	1992
General Motors	Warren (Plant 3004)	Warren	MI	1992
General Motors	Warren (Plant 3005)	Warren	MI	1992
General Motors	Warren (Plant 3006)	Warren	MI	1992
General Motors	Warren (Plant 3007)	Warren	MI	1992
General Motors	Warren (Plant 3008)	Warren	MI	1992
General Motors	Warren (Plant 3009)	Warren	MI	1992
General Motors	Warren (Plant 3010)	Warren	MI	1992
General Motors	Warren (Plant 3011)	Warren	MI	1992
General Motors	Warren (Plant 3012)	Warren	MI	1992
General Motors	Warren (Plant 3013)	Warren	MI	1992
General Motors	Warren (Plant 3014)	Warren	MI	1992
General Motors	Warren (Plant 3015)	Warren	MI	1992
General Motors	Warren (Plant 3016)	Warren	MI	1992
General Motors	Warren (Plant 3017)	Warren	MI	1992
General Motors	Warren (Plant 3018)	Warren	MI	1992
General Motors	Warren (Plant 3019)	Warren	MI	1992
General Motors	Warren (Plant 3020)	Warren	MI	1992
General Motors	Warren (Plant 3021)	Warren	MI	1992
General Motors	Warren (Plant 3022)	Warren	MI	1992
General Motors	Warren (Plant 3023)	Warren	MI	1992
General Motors	Warren (Plant 3024)	Warren	MI	1992
General Motors	Warren (Plant 3025)	Warren	MI	1992
General Motors	Warren (Plant 3026)	Warren	MI	1992
General Motors	Warren (Plant 3027)	Warren	MI	1992
General Motors	Warren (Plant 3028)	Warren	MI	1992
General Motors	Warren (Plant 3029)	Warren	MI	1992
General Motors	Warren (Plant 3030)	Warren	MI	1992
General Motors	Warren (Plant 3031)	Warren	MI	1992
General Motors	Warren (Plant 3032)	Warren	MI	1992
General Motors	Warren (Plant 3033)	Warren	MI	1992
General Motors	Warren (Plant 3034)	Warren	MI	1992
General Motors	Warren (Plant 3035)	Warren	MI	1992
General Motors	Warren (Plant 3036)	Warren	MI	1992
General Motors	Warren (Plant 3037)	Warren	MI	1992
General Motors	Warren (Plant 3038)	Warren	MI	1992
General Motors	Warren (Plant 3039)	Warren	MI	1992
General Motors	Warren (Plant 3040)	Warren	MI	1992
General Motors	Warren (Plant 3041)	Warren	MI	1992
General Motors	Warren (Plant 3042)	Warren	MI	1992
General Motors	Warren (Plant 3043)	Warren	MI	1992
General Motors	Warren (Plant 3044)	Warren	MI	1992
General Motors	Warren (Plant 3045)	Warren	MI	1992
General Motors	Warren (Plant 3046)	Warren	MI	1992
General Motors	Warren (Plant 3047)	Warren	MI	1992
General Motors	Warren (Plant 3048)	Warren	MI	1992
General Motors	Warren (Plant 3049)	Warren	MI	1992
General Motors	Warren (Plant 3050)	Warren	MI	1992
General Motors	Warren (Plant 3051)	Warren	MI	1992
General Motors	Warren (Plant 3052)	Warren	MI	1992
General Motors	Warren (Plant 3053)	Warren	MI	1992
General Motors	Warren (Plant 3054)	Warren	MI	1992
General Motors	Warren (Plant 3055)	Warren	MI	1992
General Motors	Warren (Plant 3056)	Warren	MI	1992
General Motors	Warren (Plant 3057)	Warren	MI	1992
General Motors	Warren (Plant 3058)	Warren	MI	1992
General Motors	Warren (Plant 3059)	Warren	MI	1992
General Motors	Warren (Plant 3060)	Warren	MI	1992
General Motors	Warren (Plant 3061)	Warren	MI	1992
General Motors	Warren (Plant 3062)	Warren	MI	1992
General Motors	Warren (Plant 3063)	Warren	MI	1992
General Motors	Warren (Plant 3064)	Warren	MI	1992
General Motors	Warren (Plant 3065)	Warren	MI	1992
General Motors	Warren (Plant 3066)	Warren	MI	1992
General Motors	Warren (Plant 3067)	Warren	MI	1992
General Motors	Warren (Plant 3068)	Warren	MI	1992
General Motors	Warren (Plant 3069)	Warren	MI	1992
General Motors	Warren (Plant 3070)	Warren	MI	1992
General Motors	Warren (Plant 3071)	Warren	MI	1992
General Motors	Warren (Plant 3072)	Warren	MI	1992
General Motors	Warren (Plant 3073)	Warren	MI	1992
General Motors	Warren (Plant 3074)	Warren	MI	1992
General Motors	Warren (Plant 3075)	Warren	MI	1992
General Motors	Warren (Plant 3076)	Warren	MI	1992
General Motors	Warren (Plant 3077)	Warren	MI	1992
General Motors	Warren (Plant 3078)	Warren	MI	1992
General Motors	Warren (Plant 3079)	Warren	MI	1992
General Motors	Warren (Plant 3080)	Warren	MI	1992
General Motors	Warren (Plant 3081)	Warren	MI	1992
General Motors	Warren (Plant 3082)	Warren	MI	1992
General Motors	Warren (Plant 3083)	Warren	MI	1992
General Motors	Warren (Plant 3084)	Warren	MI	1992
General Motors	Warren (Plant 3085)	Warren	MI	1992
General Motors	Warren (Plant 3086)	Warren	MI	1992
General Motors	Warren (Plant 3087)	Warren	MI	1992
General Motors	Warren (Plant 3088)	Warren	MI	1992
General Motors	Warren (Plant 3089)	Warren	MI	1992
General Motors	Warren (Plant 3090)	Warren	MI	1992
General Motors	Warren (Plant 3091)	Warren	MI	1992
General Motors	Warren (Plant 3092)	Warren	MI	1992
General Motors	Warren (Plant 3093)	Warren	MI	1992
General Motors	Warren (Plant 3094)	Warren	MI	1992
General Motors	Warren (Plant 3095)	Warren	MI	1992
General Motors	Warren (Plant 3096)	Warren	MI	1992
General Motors	Warren (Plant 3097)	Warren	MI	1992
General Motors	Warren (Plant 3098)	Warren	MI	1992
General Motors	Warren (Plant 3099)	Warren	MI	1992
General Motors	Warren (Plant 3100)	Warren	MI	1992

Nearly one million new cars and trucks were sold through the publicly-owned dealership chains. The actual total, 979,259, increased from 946,656 the year before. Used-unit sales rose to 570,375 from 525,238.

Top-volume mega-network AutoNation, Inc. and third-ranked Sonic Automotive had virtually the same answer when asked how they managed to raise their F&I numbers to record levels in the fourth quarter and year to date:

"It was our quality menu-selling process," says AutoNation President Mike Maroone. "The process has been implemented in nearly all of our 280 dealerships, and we reached a record PVR of \$771 in the December quarter and \$757 for the year to date."

"Hundred percent menu selling," responds Jeffrey C. Rachor, Sonic's executive vice-president of retail operations. "We have replaced the old step-selling system with carefully presented menus at each of our 136 dealerships, and there's no question that the gains we made last year in F&I results are because of that."

Reflecting nearly a full year's operation of the big Don Massey Cadillac network it bought in 2002, Sonic

boosted its F&I yield per vehicle retailed to \$866 in the quarter and \$874 for the full year. Only Lithia Motors surpassed Sonic, retaining the segment's F&I leadership with \$886 PVR for the year and a record \$960 in the final quarter.

Although Sonic lost its long-held runner-up auto consolidator position overall to UnitedAuto Group (UAG) in terms of revenues and new units sold, Sonic topped UAG in F&I revenues, \$201 million to \$177 million.

AutoNation brought in \$496 million from its F&I departments, up from \$485 million in 2001. Group 1 Automotive reported \$141 million; Asbury Automotive, \$117 million; and Lithia, \$81 million.

UAG Chairman Roger S. Penske reports a 24% boost in F&I revenues in the fourth quarter as its per-vehicle yield rose \$71 to \$766. UAG is focusing on sending many of its F&I staffers to Resource Training menu-selling courses.

In menu selling, F&I customers are shown “packages” of product options, presented clearly and openly. The method is considered more customer-friendly than some F&I selling strategies of the past.

Lithia's chairman Sid DeBoer notes that Lithia's stock price was trading “well below book value” — like all members of the consolidator club — despite record revenue, profits and F&I showings in 2002.

“Our business models are resilient in good sales periods and bad, what with service, pre-owned and F&I to lean on when new-unit sales decline,” says DeBoer.

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