

Virginia and Consumer Dealer Franchise System Benefits

Consumers have bought automobiles from local franchised new car and truck dealers for decades. During that time, state policymakers have played an important role in regulating the buying and selling of automobiles. Why? Because this business model is a good deal for everyone. Most notably, consumers are given extra protection in the marketplace, and local communities benefit when local businesses compete to sell and service great products.



64,532

Total jobs*

(Created by dealerships)

\$1.9B

Payroll

\$1B

State sales tax paid

\$23.3B

Total sales
(All dealerships)

459

Dealerships
(New car)



Current auto dealer franchise laws present the best opportunity to ensure local ownership and operation of dealerships, which benefits consumers and local communities.



Price Competition

In competing with each other for sales, dealers drive costs down – to the consumer’s benefit. Having multiple retailers – whether representing the same or different brands – in the same market creates price competition and superior customer service as they compete for business.

Today’s new-car prices are transparent, allowing customers to benchmark pricing and negotiate. The manufacturer’s suggested retail price (MSRP) is readily available, and consumers can easily obtain invoice and independent pricing information for a vehicle. Armed with this information, consumers can go to different dealers to negotiate price.



Consumer Safety

Dealers ensure safety recalls and warranty work are provided at no cost to consumers conveniently in their communities.

Dealers are more economically aligned with consumers than manufacturers when it comes to safety recalls or warranty work. Since they are paid by automakers to perform warranty and recall work, dealers have an incentive to respond quickly to safety concerns. In fact, franchised dealers create an extra layer of accountability for public safety.

Virginia law requires any warranty or recall work be done at a franchised dealer location. For consumers, having a dealer advocate on their side makes safety, warranty, and service solutions easier.



Local Economic Benefits

Dealers generate good local jobs and significant tax revenues, delivering a huge impact on their local economies.

Dealerships provide good-paying jobs with benefits, and opportunities for personal advancement and professional development. Dealerships also hire local people, and these jobs can’t be outsourced overseas.

Franchised new-car dealers pay billions in state and local taxes, which stay in local communities. With new car sales representing a significant portion of all retail sales in Virginia, they also contribute significantly to the state’s tax revenues.



Added Value

Consumers want a convenient, streamlined purchasing process – which dealers deliver.

Dealers provide test-drives of multiple vehicle models and competing brands, sales, financing, trade-ins, registration, and tags — as well as repair, warranty, and recall service work. Dealers also take on the complex system of titling, registration, and reams of regulatory paperwork, so consumers can simply sign and drive away.

Dealers provide a hassle-free market for trade-ins. They also offer a variety of financing options, which are frequently more affordable than bank loans.