

VIRGINIA'S NEW CAR AND TRUCK DEALER FRANCHISE SYSTEM

The franchise system for new car and truck dealerships developed to solve a particular problem: What's the best way to get vehicles into the hands of consumers from manufacturing plants that may be many states or an ocean away? Manufacturers realized that independent, entrepreneurial franchise owners were highly motivated and successful retailers. Today, all 50 states regulate the sale of new cars and trucks, mainly through the enactment of franchise laws.

What is a franchise?

At its simplest, a franchise is a business relationship — usually between a big national or multi-national corporation that provides a product or service model — and the local entrepreneur who agrees to market and sell those goods or services according to standards set by the franchisor.

For some franchise businesses, a local entrepreneur can buy-in with a relatively modest investment. But in the case of cars and trucks, the local investments are massive. When a franchise system works (and it works very well in Virginia) everybody wins. The franchise model has helped to build the American consumer products economy.

Auto dealer franchises create:

Competition and choice | Small business protection from multi-national corporations | Local jobs
Service and repair options | Superior finance and leasing options | State tax revenue



Virginia's 457 franchised auto dealers employ more than 32,400 people and pay more than \$2.5 billion in payroll wages.



An average dealership generates \$3.87 million in taxes. Statewide, the industry contributes \$1.77 billion to the Commonwealth's tax base.



The average Virginia dealership sells nearly 1,200 new and used vehicles each year. That's about \$27.47 billion in sales each year in Virginia alone.

Virginia's neighborhood auto dealerships give millions to the Commonwealth's charities each year.

See the Dealer Franchise System in action.

Meet three Virginia dealers who discuss the importance of the system to consumers and our economy.

See it at VADA.com or scan the QR code.



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