It is Time for Dealers to Change or Die

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For more than a century, the automobile dealership has been the center of gravity in car retailing.

Inventory sat on lots. Customers came in. Negotiations happened across desks. F&I closed the deal. Service kept customers coming back.

That model worked because **dealers controlled access**—to inventory, pricing information, financing, and delivery.

<u>That control is disappearing</u>.

The rise of **online automotive sales** is not just another marketing channel. It represents a **structural shift** that challenges the very reason the traditional dealership exists in its current form.

This is not speculation. It is already happening.

- It is not a trend.
- It is not a cycle.
- It is not something that "will pass."

Historically, dealerships existed to solve four problems:

1. **Physical distribution** – Cars had to be shipped, stored, displayed, and delivered locally
2. **Information asymmetry** – Dealers knew pricing, availability, and incentives; customers did not
3. **Transaction complexity** – Financing, titling, trade-ins, and compliance required local expertise
4. **Service infrastructure** – Warranty and repair work required brick-and-mortar locations

Online retail directly attacks the first three—and is beginning to reshape the fourth.

The retail auto industry is being structurally dismantled by online sales—and **t*he traditional dealership model will not survive in its current form***.

Some dealers will adapt. Many will not.

The Old Model Is Already Broken

For decades, dealerships existed because consumers needed them:

- To access inventory
- To discover pricing
- To arrange financing
- To complete paperwork

That dependency is gone.

Today, consumers can:

- See every comparable cars within 500 miles
- Know incentive structures before you do
- Secure financing online
- And complete transactions without stepping on a lot

If your value proposition is still "come in and we'll work out a deal," you are already obsolete.

Online Sales Are Not Competing With Dealers — They Are Replacing Them

- Carvana, Tesla, Rivian all proved people will buy cars online.
- Amazon Autos is proving they expect **checkout-level transparency**.
- Costco proved trust beats negotiation.

The OEMs are building digital retail tools that bypass your showroom you either join with the dealers fighting them now or wake up one day to find you are only the proprietor of a service department.

None of these players need to own the title in order to ***own the customer***.

And once you lose the customer relationship, **you become a fulfillment center**.

Franchise Law Will Not Save Dealerships as We Know Them

- California dealers hide behind franchise protection.
- Texas dealers hide behind volume.

Both are false shelters.

Franchise laws only protect ***who sells the car***, not ***who controls the transaction***.

Market competition punishes inefficiency faster than regulators ever could.

Online platforms comply with state and federal laws while:

- Owning the customer interface
- Dictating transparency standards
- Compressing margins
- Conditioning buyers to expect speed and clarity

Legal protection only delays disruption. It does not prevent extinction.

The Real Threat Is Not Losing Units – It is Losing Relevance

Dealers may not see it, but they can still sell cars and be dying.

When:

- Pricing power moves upstream
- Financing becomes commoditized
- F&I is reduced to compliance
- Acquisition happens on someone else's platform

…your business becomes capital-heavy, labor-intensive, and margin-thin.

That is not a sustainable position.

Future Dealerships Will Not Look Like Today's Dealerships

The survivors will:

- Operate fewer, smaller locations
- Treat online platforms as **transaction engines**, not lead sources
- Abandon negotiation as a core strategy
- Run logistics, delivery, and service at Amazon-level standards
- Make money on **speed, trust, and lifecycle ownership**, not opacity

Showrooms are shrinking.
The desk is disappearing.
And, the customer is not coming back.

Today's Dealers have two choices:

One: Defend the Past

- Argue that "our market is different"
- Blame OEMs, regulators, and platforms
- Protect outdated margins until they evaporate
- Be acquired, downsized, or shut down

Two: Build the Future

- Embrace radical transparency
- Rebuild operations for digital-first transactions
- Treat every online sale as a core retail sale
- Redefine your dealership as an execution company, not a negotiation house

One path feels comfortable, the other dangerous. – **But only one survives**.

The Clock is Ticking

Dealerships are not dying because consumers hate dealers.

They are disappearing because **technology no longer requires them to exist in their current form**.

The question is not: "Will dealerships go away?" The real question is: "Which parts of the dealership still add irreplaceable value—and which parts are already obsolete?"

Those who answer that honestly will still be here.

The market will not wait for dealers to be ready. Their customers already moved on. Their competition already did.

As I see it, today's dealers have two choices: Change — or die.

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