Protecting Margin in a Softer Market

Why Payments Deserve a Second Look

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THE MARKET IS FORCING A RETHINK

When unit volume is down, every controllable cost matters, and credit card processing is one that dealers often overlook. Front-end gross is under pressure. Unit volume is down. The easy money from the post-pandemic run has largely dried up.

Dealers who are holding their margins right now are doing it by looking inward at costs they can actually control. Payment processing is one of the most overlooked.

MERCHANT FEES AREN'T FIXED. THEY'RE MANAGEABLE.

For years, credit card fees have been treated like utilities — something you pay and don't think much about. However, as transaction sizes grow and more customers pay by card, those fees are adding up.

Modern payment platforms give dealers tools to manage them:

- Standardized checkout across Sales, Service, and Parts
- Better routing and authorization performance
- Reporting that shows exactly where fees are hitting
- Integration with your DMS and no duplicate workflows

Small improvements compound. Over time, they add up to real money.

SURCHARGING: TURNING COST INTO "FOUND MONEY"

Surcharging lets dealers pass a portion of credit card fees to customers who choose to pay by card. In a tough market, that can mean recovering thousands of dollars per rooftop per month. That's margin that would otherwise be gone.

Surcharging isn't a switch you flip. It requires structure.

NAVIGATING NEW JERSEY'S RULES

New Jersey permits surcharging, but under strict conditions. To stay compliant, dealers must:

- Disclose the surcharge clearly *before* the transaction
- Itemize the fee on the receipt
- Stay within allowable limits *(not to exceed the actual cost of acceptance)*
- Comply with card brand rules, which can differ from state law and change over time

Manual or inconsistent processes create real risk, especially in a high-volume dealership environment. If your staff can't explain the surcharge confidently at the point of sale, you'll hear about it in your CSI scores.

Compliance isn't just a legal matter. It's a customer experience issue.

THE SERVICE DRIVE: YOUR BEST ABSORPTION TOOL

When sales slow, Service & Parts carry more weight. That's where dealers protect cash flow, and payment technology can help.

Mobile payments, digital service authorizations, and remote checkout tools reduce friction at every step. Customers move through faster. Staff handles more throughput without adding complexity. Absorption rates — critical when front-end volume is soft — improve.

PAYMENTS ARE A BUSINESS LEVER, NOT A BACK-OFFICE FUNCTION

The dealers navigating this environment most effectively aren't just cutting costs; they're finding margin in places they hadn't looked before. Payment is one of those places.

Priority Commerce Automotive brings a dealership-focused approach to payments, helping dealers treat merchant fees as a manageable expense, stay compliant with surcharging rules, and leverage technology across the store to protect margin when it matters most. njcar

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