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BUSINESS • AUTOS

Carvana Grew Into a Used-Car Titan. Its New-Car Sales Project Has Dealers Rattled.

The company's online, no-haggle sales model is quietly extending to new vehicles

By Christopher Otts Follow | Photography and Videos by Rebecca Noble for WSJ

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Quick Summary

- Used-car giant Carvana is expanding into new-car sales by acquiring Stellantis dealerships and selling vehicles online.

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Joshua Higginbotham, a 43-year-old dad in the Kansas City area, swore off buying new cars from Jeep-Ram parent Stellantis STLA 2.45% ▲ after a few bad experiences at the automaker's franchised dealerships—including losing a $500 deposit for a Dodge Challenger he didn't buy.

"I don't want to spend a whole day in a dealership, and they always like to make it take an entire day," Higginbotham said.

But Higginbotham recently changed his mind, buying a brand new $51,000 Jeep Wrangler in a bluish-gray color called anvil. This time, he didn't have to leave his living-room couch.

He bought his new Jeep from a dealership more than 1,000 miles away that is owned by used-car giant Carvana CVNA 2.46% ▲ . The Tempe, Ariz.-based company is testing whether its digitally focused playbook can work in the more tightly regulated world of selling new cars, where politically powerful dealers run the show and state laws protect their business model.

Carvana's expansion represents the latest in a number of challenges to the traditional way new vehicles are sold in the U.S. Amazon.com, in partnership with old-school dealers, is also trying to sell new cars on its website. Scout, a new automaker backed by Volkswagen, is trying to go around dealers altogether by selling directly to consumers like EV-only players Tesla and Rivian.

Millions more used cars are sold each year than new cars. But the money is in the new-car market, where prices are higher. U.S. consumers spent about $655 billion on new cars in 2025, compared with $524 billion for used cars, according to an analysis by Cox Automotive.

Joshua Higginbotham bought his new Jeep from a Carvana dealership over 1,000 miles away. JOSHUA HIGGINBOTHAM

For Higginbotham, a supervisor at a federal agency, paying a $1,290 fee to get the new Jeep shipped to him from Arizona was well worth it to skip a trip to one of the dozen Jeep dealers in the Kansas City area.

“I’m sure I could’ve gone into a dealership, got some more gray hairs, and negotiated it down to whatever Carvana had it at or lower, but I’m not going to do that to save $1,000 or even a few thousand dollars,” he said.

Getting into the new-car game required Carvana to become a dealer itself.

Carvana acquired the Casa Grande, Ariz., dealership about a year ago from another dealer group. It has since turned the small store on the outskirts of Phoenix into the top-selling Chrysler, Jeep, Ram and Dodge dealer in the U.S. as of April, according to Stellantis figures shared with dealers and seen by The Wall Street Journal. The store is selling about 350 vehicles a month, compared with 30 to 50 monthly before Carvana took over.

Yet in person, the dealership hardly looks like a sales juggernaut. Reaching the store requires a 50-mile trek from Phoenix through barren land dotted by cactuses and the occasional sign warning of blowing dust. It is tucked in the corner of an auto mall between two competing dealerships.

As Higginbotham’s experience shows, customers need not visit the dealership to buy from it.

Carvana has added six more Stellantis dealerships stretching from coast to coast and into the Midwest, spending more than $160 million in all, according to a regulatory filing.

For now, Stellantis—the parent of Chrysler, Dodge, Jeep and Ram—is the only automaker to have allowed Carvana to become one of its franchised dealers. The move isn't sitting well with the traditional dealers who sell those brands.

"Stellantis dealers are in an uproar over this," said South Florida Jeep-Ram dealer GianMarco Taverna. He doesn't object to Carvana's entrance to the business, so long as Stellantis sticks to policies preventing a single dealer from growing too large, he said.

"It is up to us to compete and figure it out," Taverna said.

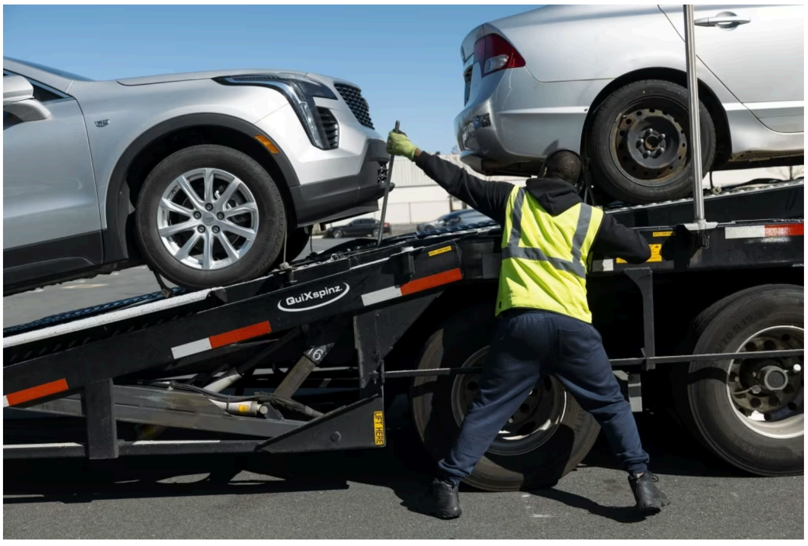
Carvana's growth machine

Founded in 2012, Carvana made its mark by providing an alternative to the dealership experience that Higginbotham dreads.

Initially a unit of subprime used-car retailer DriveTime, Carvana started capturing attention with its tall, glass-encased car “vending machines” along highways—structures as useful for marketing as storing cars.

Carvana is controlled by its chief executive, Ernie Garcia III, and his father, DriveTime owner Ernie Garcia II. It became an independent, public company in 2017.

The company’s slick online-buying experience proved that plenty of car shoppers were willing to fork over tens of thousands of dollars for a vehicle they hadn’t seen in person or test-driven. It then built an in-house delivery network to ship cars to consumers nationwide and take their trade-in cars.



A worker loads vehicles onto a transporter at a Carvana vending-machine location in New York state.
ANGUS MORDANT/BLOOMBERG NEWS

A Carvana car vending machine in Tempe, Ariz. REBECCA NOBLE FOR WSJ

Meanwhile, Carvana eschews traditional dealer tactics like commissioned salespeople, price haggling and profitable documentation fees tacked onto the transaction.

The pandemic turbocharged its delivery-centered business model, but in 2022, the company ran into trouble managing a large debt load. Investors feared bankruptcy, and its stock plunged to nearly $0.

But Carvana turned it around. In used cars, the company is growing at light speed among its competitors—40% in the first quarter from a year earlier—and is aiming to keep expanding at a rate of at least 18% a year into the mid-2030s.

Its $74 billion market capitalization exceeds that of many automakers, including General Motors, Ford Motor and Stellantis.

New cars, new territory

Getting onto firmer footing has afforded Carvana room to experiment beyond its core used-car business.

Stellantis, meanwhile, is looking for its own rebound. The automaker lost a lot of ground to competitors like Ford and GM in recent years. Its plunging market share led to the ouster of CEO Carlos Tavares in 2024.

Stellantis dealerships are now in the bargain bin, selling for a fraction of the cost of blue-chip brands like Toyota. That makes the automaker's franchises a cheap entry point for newcomers like Carvana.

When Carvana bought the Arizona store in early 2025, the company called it "a small test." Carvana also took out a line of credit, now with a $257 million limit, from Stellantis's finance arm to buy Stellantis vehicles.

As the company amassed stores, other dealers' curiosity about Carvana's intentions morphed into alarm. At a closed-door meeting in February, dealers demanded answers about Stellantis's strategy with Carvana, and tension over the issue brought the meeting to an abrupt close, according to dealers who were present.

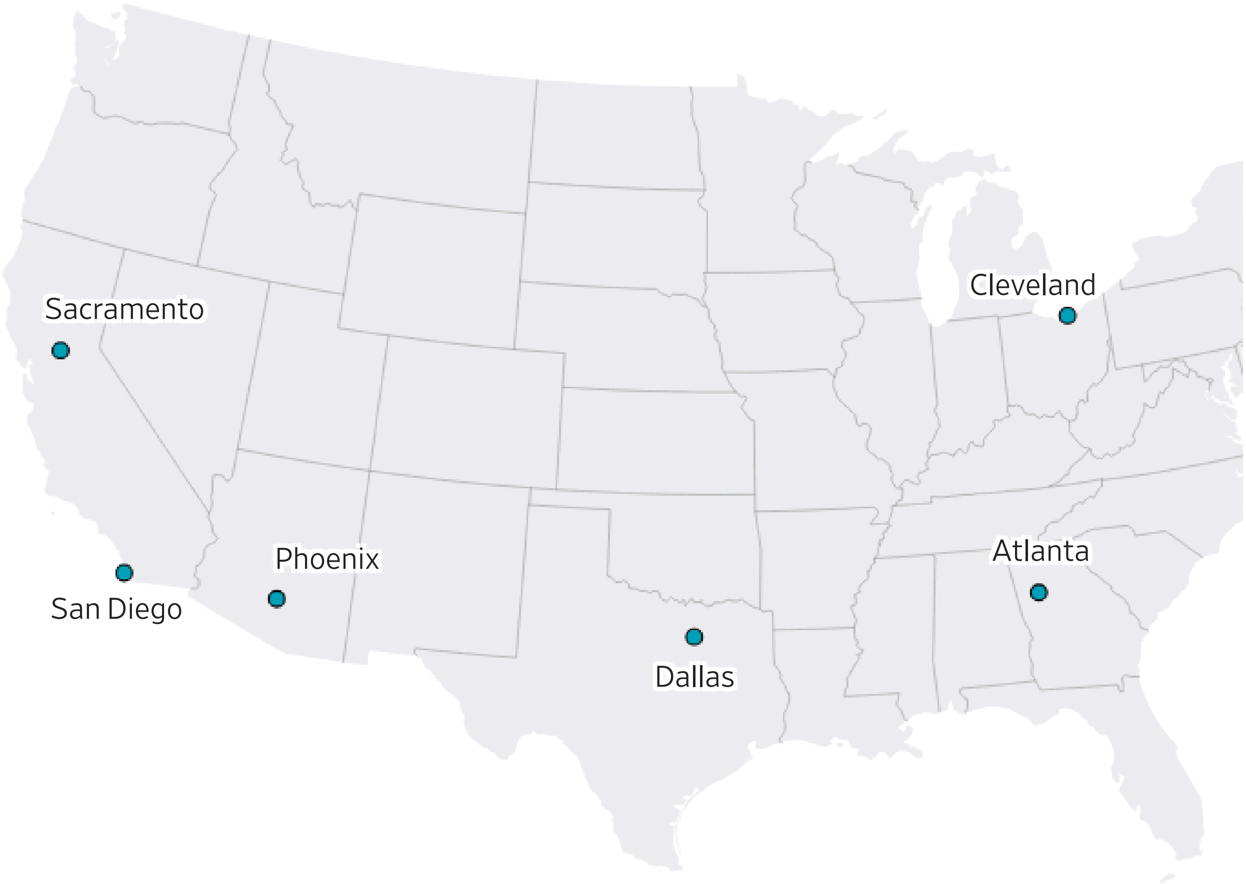
Around the same time, Stellantis came up with a new rule prohibiting dealers from acquiring more than one dealership in a rolling 12-month period, according to a memo viewed by the Journal.

"Stellantis has seen an increase in interest from new and untested dealers to our network to purchase a number of locations," a Stellantis spokeswoman said. "We want to ensure healthy competition for our customers and that our dealer network remains strong and vibrant."

Despite the new limitation, Carvana went on to snap up two more stores, in Massachusetts and in Ohio. Dealership transactions already in process before the new rule took effect Jan. 6 were allowed to go through, the Stellantis spokeswoman said.

Carvana's new-car dealerships

Since 2025, Carvana has amassed seven dealerships selling new Chrylser, Dodge, Jeep and Ram vehicles



Carvana, which declined to comment to the Journal, has repeatedly refused to elaborate on its plans surrounding new cars.

"It is still early, so stay tuned," Garcia III, the CEO, told analysts during the company's quarterly call April 29.

Like his counterparts in Phoenix, dealer Matt Bowers was scratching his head earlier this year when he noticed Carvana's Dallas store rocketing up the Stellantis sales charts. It was No. 8 in the country as of April, according to Stellantis figures.

Bowers, a multistate dealer based in New Orleans, owns a Stellantis dealership only 15 minutes from Carvana's Dallas store. He took a drive over to his competitor's store to check it out, finding it not very busy in person.

Carvana's site shows that it is willing to ship a number of new vehicles from the Dallas store to buyers well outside the area without charge.

Bowers said Carvana's sales are likely coming at the expense of smaller, rural dealers that sell only a few-hundred vehicles a year. Whether Carvana can take a bite out of larger operations, like his, is ultimately up to buyers, he said.

"If it is a better thing for the consumer, then I either adjust to that, or I've got to do something else—go sell popcorn," Bowers said. "And I'm OK with that."

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Christopher Otts is a reporter in The Wall Street Journal's Detroit-based autos bureau. Before joining the Journal, he covered automakers such as Ford and Toyota, as well as healthcare and logistics, for WDRB Media and the Courier-Journal in Louisville, Ky. Chris completed the Knight-Bagehot fellowship in business & economics journalism at...