

Stop Getting in the Way of Your Own Gross Profit



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Why do we have such a difficult time selling F&I products to a cash buyer? Could this be the same hurdle we face when selling products to a customer after they have taken delivery of their new vehicle? If the benefits of F&I products continue to exist no matter loan, lease, or cash, then why is there such a big difference in product penetration? If we have an existing product suite offered to a walk-in customer, then why is this not a

bigger source of dealership revenue? Wouldn't we agree that 100% of the customers would purchase various levels of coverage if it would "retroactively" pay the claim after it occurred? The answer is, YES! So, what is the problem?

Let's start with the products. Do you believe in your F&I Products? Are they comprehensive? How easy is it to get a claim processed? Have you purchased the protection yourself? If you do not 100% support your own product lineup, then you can simply stop reading this article. If you do not believe in what you offer, how can you get your customers to trust the product? You must evaluate what you have to offer and know the details of your products. Your customer will not buy if you do not know what you have to sell. Sounds simple enough, right? You would be surprised how many producers do not know the benefits of their product lineups.

Too many F&I producers are still in the business of selling cost or payment, rather than the benefits and advantages of their products. When this happens, cash customers lose the message and start to think "It's already too expensive." Unfortunately, I see this mindset occur with the seller before the buyer even comes to that decision. We must recondition ourselves to believe that our product is worth every penny, even if we are given the chance to pay cash for our own vehicle. If not, we will continue to see a noticeable drop in production.

If cost is a true concern, then in most cases there is a "Plan B." Many product providers offer a payment plan to walk-in customers for service contracts and some ancillary products. Many of these plans are at a 0% interest to the customer. Industry-wide, this "Plan B" opportunity is not taken advantage of. Why? For all of the reasons above, as well as, "It's more paperwork."

Finally, why don't you give your already magnificent products a benefit boost? For example, a good Road Hazard Protection program will cover the repair or replacement of a tire due to things like debris in

the road or actual cosmetic damage to a wheel from curbing. What could be missing from this program? It may not be the most convenient program as getting the vehicle to the dealership and waiting for the repair or replacement could be "time-consuming" for the owner. Some buyers purchase in cash because of the perceived benefit of "saving them time" rather than "saving them money." Many dealerships have a loaner vehicle program for service contract repair. Would we sell more ancillary products to cash buyers if we extended the same benefit on a road hazard claim? What if a windshield could be replaced at the owner's job location rather than bringing it into the dealership? These are some additional costs the dealership may be willing to incur in order to increase penetration and gross profit opportunities on cash and walk-in customers. It's probably worth looking into.

As good as we are, we can always improve. Stop viewing the cash buyer or service drive walk-in customer as an unprofitable chance. They could end up becoming discovered revenue to those who see the opportunities.

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