

OUT OF THE BOX:

How to Introduce F&I Early and Often
to Increase Penetration Rates

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Even though prospective car buyers spend an average of fourteen hours online researching their planned purchase, up to 84% of buyers are still not aware of all their F&I options before going to a dealership¹. Despite evidence that having prior knowledge of F&I products results in a much higher rate of purchase², dealers, for the most part, are still waiting to bring up F&I products until they're with buyers in "the box."

14 hours



average time spent researching
online by car buyers.

Cox Automotive, April 2019

On average, it takes nearly three hours to complete a sale, but customer satisfaction starts to drop significantly after the first ninety minutes³. But introducing F&I products in the final stages of the purchase, well after the 90-minute mark, means customers are less receptive and feel pressure to make yet another decision during the part of the buying process they already find most frustrating. Trying to sell buyers a product they haven't had the time or resources to consider can be a recipe for disaster.

By avoiding last-minute sales pitches and pressure during what can be a frustrating process, dealers can build better relationships with customers by becoming their allies, working from the start of their journey

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to help buyers understand the importance of the protection plans offered at the dealership. And with F&I sales expected to make up 35% of gross profit on sales for dealers by 2025⁴, it's a relationship that can't be ignored.

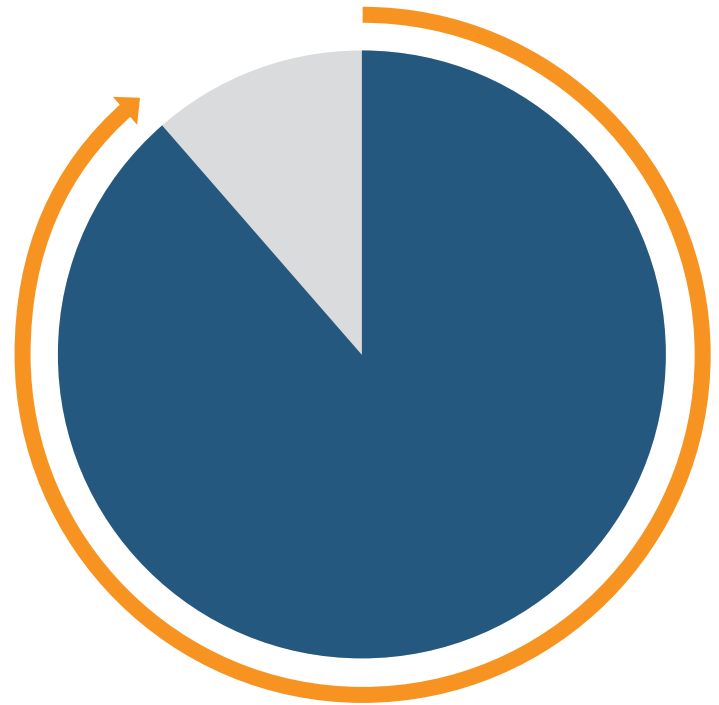
If you haven't done so (and too many stores haven't), it's time to adopt a strategy that aligns with how customers make purchasing decisions by introducing customers to their F&I options early and often. And to ensure the experience you provide at your dealership not only results in a higher penetration rate but also satisfied customers, transparency throughout the entire process is key.

Introduce F&I Early...

Your F&I department needs to be available to customers where they're the most comfortable making buying decisions. Today's buyers are always connected, and providing easy access to tools and resources online has never been more critical to reach and influence shoppers. Service contracts are no exception. The best time to make a good impression is not when customers walk onto your lot—it's online, as they're researching their purchase.

With 86% of car shoppers conducting research online⁵, it's critical to make sure you're giving customers a complete picture. In addition to merchandising each vehicle with compelling photos, comments, and walk-around videos, differentiate yourself from other dealerships from the start. Introduce the F&I products your dealership offers to protect your buyers' investments with descriptions, visuals, or videos that explain their value.

And when a customer is browsing your dealership website looking for the right car, make sure your service contract coverage is just as easy to find.



86%

of car shoppers conduct research online.

Digital Dealer, March 2018

Sharing digital brochures and detailed coverage descriptions on your site can plant the seed, but how do you start building trust with customers before you've even had a conversation about their needs?

It's all about transparency and anticipating potential doubt. Buyers worried about purchasing the wrong vehicle or hidden mechanical problems won't take the next step without feeling comfortable that the dealer has their best interest at heart. Offering a shorter-term certification coverage of at least 3 months or 4,500 miles can also provide initial peace of mind and open the door for an upsell to a more robust protection plan. Don't leave them guessing—be straightforward about what your service plans protect and what they don't from the start.

No vehicle protection plan is truly bumper to bumper. Make sure the products you offer are clear on stated versus exclusionary components, and that your site explains what that means.



35 %

of buyers still prefer to complete their purchase in person.

Forbes, May 2020

But even in today's uncertain climate, consumers are cautiously ramping up activity outside the home, with over 35% of buyers⁶ still preferring to complete their purchase in person. Spread the message and build awareness about your F&I products in your showroom with educational point-of-purchase materials like window stickers, banners, and other hands-on promotional materials. If you've

successfully merchandised your store and offerings, customers will already have some awareness of your protection plans by the time you greet them in person.

During the sales process, it can be tempting to focus on the presentation of the car and leave the F&I for later. But there is no better time to educate buyers on how they can protect the vehicle they came to buy than when they're in an excited frame of mind, touching their new investment for the first time. At this point, they'll be more receptive to ideas about how to protect it.

With so many deals hinging on a customer's trade-in, this step early in the sales process is also the perfect time to educate buyers on how vehicle protection plans can protect the value of their next purchase. During the walk-around of their current vehicle, explain how faults in the condition of the car have an impact on the offer they can expect to receive. Car depreciation happens, but identifying areas where a protection plan could have helped maintain or even improve their vehicle's trade-in value by covering repairs can pay off when it's time to discuss F&I product options later.



And Often.

There's no shortage of opportunities to bring up your F&I products during the sales process. Repetition is a fundamental sales technique, and for a good reason. Why? Buyers are distracted. Attention spans are short. Don't assume that your first mention of the benefits of a protection plan will be absorbed. It won't. Studies show that messages are more effective the more often they're repeated.⁷ In order to resonate with potential buyers, the optimal "frequency" (the number of times a message reaches the target audience), ranges from three to eleven exposures.

Sales professionals should be willing and able to advocate for the value of vehicle protection at any point in the process, including the walk-around and test drive. Some ways to work F&I into the ongoing conversation include:

- **Sharing the cost to repair expensive vehicle parts such as the engine and transmission.**
- **Pointing out costs that are often overlooked when estimating a vehicle repair, such as labor and diagnostics.**
- **Illustrating the need to be financially prepared for an unexpected repair.**

In the F&I office, it's time to drive home the value of service contract coverage, not introduce it for the first time. Every time you bring up your financing and protection products, it's another chance to create a sense of their importance and maximize your profit potential. When preparing your vehicle pricing proposal, include the protection product that you think best fits your buyer's needs. Showing how a monthly VSC payment might fit their budget more than they might realize can help them justify a few extra dollars each month.

It's worth revisiting F&I best practices often. In a constantly changing industry and environment, a fresh look at how you're doing business can help optimize sales. Your dealership should evaluate all the tools and resources you have in place to educate buyers on how critical financing and protection products are, from the start of the customer's journey to close. The best F&I partner should have the resources to guide you and your customers every step of the way.

1 Cox Automotive: www.coxautoinc.com/wp-content/uploads/2018/01/132420_CarBuyer-Journey_Study-Brochure_Single-FINAL-FINAL-3.pdf

2 Cox Automotive: www.coxautoinc.com/news/makemydeal-study-time-rethink-finance-insurance-products-sold/

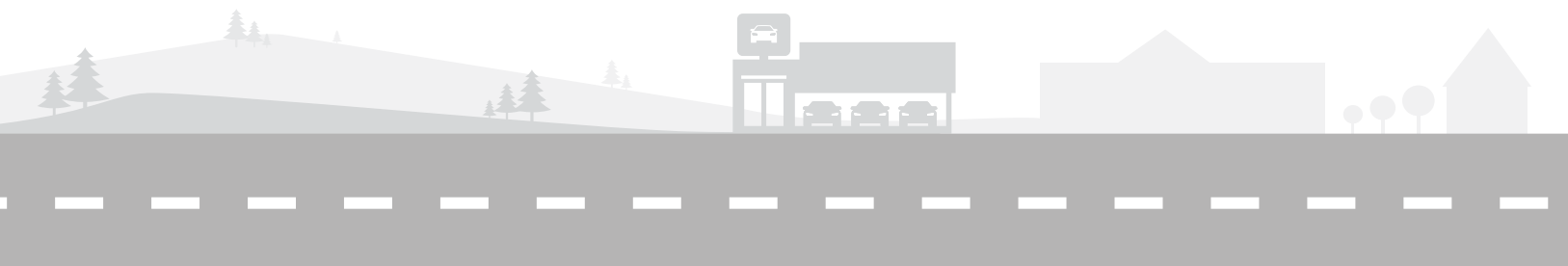
3 Cox Automotive: www.coxautoinc.com/2019-car-buyer-journey-study/

4 Frost & Sullivan: www.store.frost.com/market-analysis-and-benchmarking-of-oem-service-and-maintenance-contracts-in-north-america-2018-2025.html

5 Digital Dealer: www.digitaldealer.com/everyone/survey-86-car-shoppers-conduct-online-research-visiting-dealership/

6 Forbes: www.forbes.com/sites/christopherelliott/2020/05/16/what-you-need-to-know-about-buying-a-car-in-a-pandemic/#2db1f0d4d332

7 The Financial Brand: www.thefinancialbrand.com/42323/advertising-marketing-messages-effective-frequency/



GET TO KNOW US

Since 1995, we've helped dealers of all sizes drive results from their used car operations. Our products, training, and profit-building programs help dealers optimize every sale, while our best-in-class claims experience helps strengthen dealer reputations.

NEARLY
7,000
DEALER PARTNERS



OVER
11 MILLION
PROTECTED DRIVERS



OVER
\$3.5 BILLION
IN CLAIMS PAID



SOLUTIONS THAT DRIVE RESULTS



F&I PRODUCTS

We provide our partners with expansive and flexible F&I products designed to meet the diverse needs of their used car inventory.



TRAINING

We offer on-demand and in-store training to help dealers and their staff hone skills and advance approaches to make the most of every opportunity.



PROFIT-BUILDING PROGRAMS

We offer a variety of programs designed to strengthen profits for dealerships of all sizes. We have options for both front-end, volume-based and back-end, profit-sharing programs.



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ACHIEVEMENTS

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LENDER PARTNERS

With 40+ auto finance partners, GWC Warranty can help you find the right fit for your dealership to optimize sales.



Partner with the only
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