

# Good service, prompt funding satisfy dealers

Study shows dealers willing to pay for better service

BY LAWRENCE PAPOFF

Good service and prompt funding for their customers mean more to dealers than the price they pay to auto finance suppliers for access to prime and non-prime re-tails credit and retail leasing products.

That is what dealers told J.D. Power when the market research company was conducting its 2015 Canadian Dealer Financing Satisfaction Study.

“New-vehicle dealers prefer personalized service from their underwriting funding and sales teams that steps up consumer applications and funds contracts over lower interest and lease rates from their captive and finance company,” J.D. Power says in a release.

“Approximately one-third (32 per cent) of dealers are willing to pay a roughly 0.70-basis-point premium, on average, for access to an enhanced service and financing experience.

“Dealers want a central point of contact in underwriting, whether an individual or team,” says J.D. Power.

The problem is that they do not always get it: the survey shows 37 per cent of prime retail credit dealers do not have any dedicated support.

According to the survey, dealer-focused sales rep relationships increase satisfaction and retail contract volume.

When the finance company supplies a high level of sales rep service, satisfaction is substantially higher than when there is no focused support – 943 versus 744, respectively.

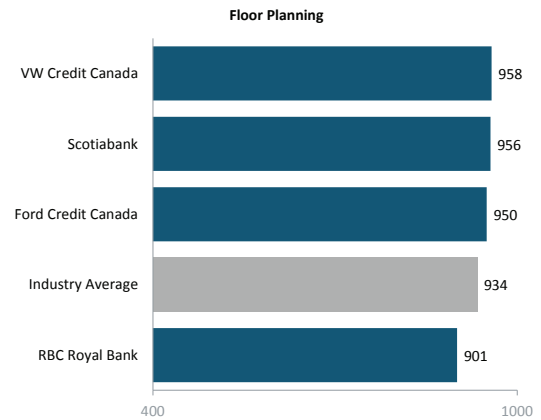
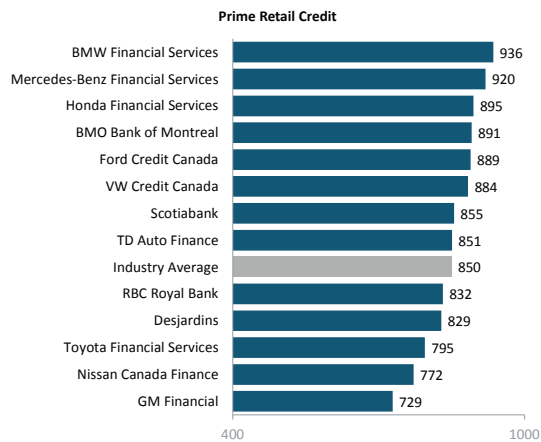
Among dealers with a focused relationship where all sales rep relationship key performance indicators (KPIs) are met, 67 per cent say they “definitely will” increase the percentage of business they conduct with their provider.

“High-performing lenders are characterized as collaborative consultants rather than loan processors,” says Mike Buckingham, senior director of the automotive finance practice at J.D. Power.

“What separates the highest-performing lenders from the rest is the broad range of support they provide dealers to help sell vehicles.

## Overall Satisfaction Index Score Ranking

(Based on a 1,000-point scale)



“This includes helping dealers understand the variety of lending options available, how to maximize profits, how to reduce expenses and how to effectively retain customers. Dealers, in many instances, are willing to pay a premium price to receive these services from the high-performing lenders.”

Completed between January and March of this year, the survey captures the opinions of management at roughly 1,300 franchised dealerships.

## PRIME RETAIL CREDIT SEGMENT RANKINGS

BMW Financial Services ranks highest in the prime retail credit segment with a score of 936 and performs particularly well in all categories.

Mercedes-Benz Financial Services ranks second in the segment with a score of 920, followed by Honda Financial Services at 895.

## FLOOR PLANNING SEGMENT RANKINGS

VW Credit Canada ranks highest in the floor-planning segment with a score of 958 and performs well across all factors.

Scotiabank (956) ranks second and Ford Credit Canada (950) third.

## RETAIL LEASING AND NONPRIME RETAIL SEGMENTS

J.D. Power does not give out awards in the retail leasing and nonprime retail segments. But BMW Financial Services, Honda Financial Services and VW Credit Canada perform well in the retail-leasing segment; and Ford Credit Canada and Scotia Dealer Advantage perform above the nonprime retail segment average.

## SATISFACTION DEFINED

The survey measures satisfaction in three factors in the prime and non-prime retail credit segments: finance provider offerings; application and approval process and sales representative relationship.

The survey measures four factors in the retail leasing segment: finance provider offerings; application and approval process; sales representative relationship; and vehicle return process.

When it comes to floorplanning, the survey measures four factors: finance provider credit line; floorplan support; sales representative relationship; and floorplan portfolio management.

# A well-run F&I office can be fun and profitable

The goal is to ensure that 100 per cent of all customers who purchase new and used vehicles from your dealership complete their transaction in the F&I office. When this department is well trained using modern, fast, effective and efficient processes, it spells fun for the customer and income for the store.

There are many benefits in having a professional F&I specialist in the dealership.

- Sales people maintain their focus on selling cars.
- The documentation is prepared properly.
- On-site financing is arranged quickly to help close sales.
- More credit approvals are obtained

by professionals well versed in lending procedures.

- Great customer satisfaction is a given and salespeople usually profit from F&I sales.

There were several reasons for the creation of the business office in the 1970s. Time-consuming paperwork started to distract sales people from selling cars. More and more complicated products were introduced. Front-end profits were shrinking and legal issues were increasing.

Here are a few ideas on how to ensure 100 per cent of the dealership's new and used vehicles sold to customers are turned over to the F&I specialist.

- Make sure F&I controls the deposit

receipt book, bills of sale, logs every sale and delivery and reconciles constantly.

- Offer a small spiff to sales people for all perfect turnovers (T.O.).
- Take a small chargeback from salespeople for no T.O.
- Dealer / sales manager must practice 100 per cent T.O. on any cars they sell.
- Hold T.O. contests.
- Make sure salespeople do not disturb the business manager when in a T.O.
- Insist on a 100 per cent, perfect introduction.

An acceptable F&I process should take no longer than 20 minutes front to back, with averages above \$1500 and tremendous CSI.

If these benchmarks sound unrealistic to you, you need a new process, great training, a new F&I specialist or all of the above.

Gone are the days of the exhausting one to two-hour step sells, or just pushing a menu in front of someone and hoping for the best.

Remember: the only thing worse than not having a process is mastering one that does not work!

Duane Marino is principal of NAASSA Training, MarinoTV and TNT BDC For Hire. For information, contact 1-888-735-6275, info@duanemarino.com or www.DuaneMarino.com.

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