

Cash

Customers Buy Too

Understanding cash buyers can open the door to more F&I product sales, including dealership financing.

By Ronald J. Reahard

Most F&I managers dread seeing cash buyers because the income per retail unit is typically much less on cash customers than on finance customers. In many dealerships, the grizzled old veterans dump the cash buyers on the new, inexperienced F&I managers, since they're



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not going to buy anything anyway. Give the newbie the cash buyer until he or she gets some experience. Once they learn how to sell, then they can take the "regular" customers. Cash buyers are the lepers of F&I. Nobody wants to go near 'em because they eat away at penetration percentages and profits.

Yet cash buyers buy F&I products too. In fact, if customers can pay cash for a vehicle, they can easily pay cash for F&I products. The monthly payment is certainly not going to be a concern, because they don't

have to worry about a monthly payment; they can write a check for it. If anything, selling F&I products to a cash buyer should be easier, not more difficult. If a cash buyer sees the value of a product, affording it is not an issue.

So why are cash buyers the bane of almost every F&I manager? One reason is because of the type of people who pay cash. Typical cash buyers are not in their 20s. Most are in their 40s, 50s and 60s. They've made their money, invested wisely and now don't need to finance their vehicles. These people have heard every sales pitch ever invented, and they can smell commission breath a mile away. The tired old feature-advantage-benefit sales pitch that works great on an 18-year-old first-time buyer doesn't work at all on that 65-year-old last-time buyer. In the F&I office, old age and skepticism beats youth and sales pitches every time. Consequently, you don't "sell" cash buyers much of anything.

Cash buyers want to make their own decisions. Cash buyers want someone capable of answering their questions,

someone who can help them to make informed decisions about their options, based upon their unique needs, with no pressure to buy anything.

DON'T TRY TO CONVERT FIRST

The most common mistake most salespeople, sales managers and F&I managers make when it comes to cash buyers is that they try to convert them to dealership financing as soon as they discover they're planning to pay cash for their vehicle. That is the absolute worst thing you can do with a cash buyer!

Of all the products you have available in the F&I office (and financing is a product), financing is the one product a cash buyer doesn't want and doesn't think he needs. So why on earth would you start by trying to sell financing first? If anything, financing should be the last product you try to sell a cash buyer. If they can afford to pay cash for a vehicle, they can certainly afford to pay cash for your products.

If a customer wants to pay cash for his vehicle, don't try to talk him out of it. Not

until you have an opportunity to present all the repayment, risk management and vehicle protection options at the same time ... on the menu. Let him know it's perfectly OK if he wants to pay cash and congratulate him on his ability to do so. "Here at ABC Motors, we've never turned down a check yet!"

That doesn't mean you won't give him the option of dealership financing. You should. But the option of financing should be presented on the menu, just like every other option. Otherwise, you kill your credibility.

CONDUCT A NEEDS DISCOVERY

Needs discovery is the foundation upon which you must build the sale of every product, including dealership financing. Whether you're able to convert a cash buyer to dealership financing depends on the quality and size of your needs discovery foundation. You can discover customer needs by examining the buyer's order, the credit application and the credit bureau report. The best way, however, is by asking a few open-ended questions as you begin inputting information into the computer and completing the paperwork. Always compliment the customer on his or her financial acumen prior to asking any open-ended questions such as:

- How long has it been since you financed a major purchase?
- What do you like about paying cash?
- Any particular reason why you want to pay cash for this purchase?
- What type of return are you getting on your investments?
- How long will it take you to replace the money you're taking from savings?
- What type of credit do you have established in your spouse's name?
- What impact will this have on your retirement income and cash reserves?

Keep in mind, customers don't buy F&I products or dealership financing because you want them to. They buy F&I products because of what those products will do for them. You have to discover a need that product will fill, or a problem it will solve, so there is basis for your discussion of financing with the customer. In order to do that, you have to utilize open-ended questions that will enable you and the customer to answer that all-impor-

tant question: "How will financing this car help this customer?"

OFFER FINANCING ON THE MENU

Presenting a menu to cash buyers that includes the availability of dealership financing ensures a consistent, non-confrontational, consultative approach that allows every customer to make a well-informed decision about the various products (including financing) available in connection with their purchase.

Like any other form presented to the customer, a proper introduction and explanation is critical. "Nancy, before we finish up the paperwork, I do need to go through this disclosure form with you. I'm required to review your repayment, risk management and vehicle protection options, and answer any questions you may have. Would that be okay with you?" The menu must be properly introduced and a reason given for its use prior to reviewing it with a customer.

Now, instead of pitching financing or other products, we're simply reviewing the options available in connection with the purchase. "My job is to review your options and answer any questions you may have. And I did take the liberty of working up some repayment options, just to let you see what is available."

FOLLOW THE CUSTOMER'S LEAD

After presenting the customer's options, it's critical that the customer feel that he's in control, and not being sold or pitched financing or any other F&I products. We must follow their lead by first discussing those products they're interested in. If they want to know what environmental protection is, we explain environmental protection, and why in their situation it might be especially important. Or, if they indicate an interest in tire & wheel road hazard, we need to discuss why tire & wheel road hazard might be of particular benefit to them.

After your initial needs discovery, you should have several good reasons why the customer needs your products, including financing. Concentrate on helping the customer, based upon the needs you've discovered. Always start with the product they need the most, not the product you make the most money on.

The key is to make the customer want to

know more about the product(s) you're offering, so you're responding to his request for information versus making a sales pitch. You do that by making a statement that piques the customer's curiosity and makes him thirsty to know more.

SHOW SPECIFIC BENEFITS

The whole idea of needs discovery is to allow us to show a customer how a product will benefit him specifically, versus making a generic sales pitch. Every customer is unique, and every customer has unique needs. Your challenge with cash buyers, as with any customer, is to demonstrate how your products will benefit them specifically.

As a financial services professional, your responsibility is to use the customer's past to help him make informed decisions about his future. You want to use a menu to collapse confrontation and create interest in knowing more about your finance and insurance products, and financing is one of your products! Ask yourself these questions:

- How will financing through the dealership help this customer?
- What end-result benefit will it provide?
- What problem(s) will it solve?
- What problem(s) might it create?"

As Ron Willingham says in his book, *Integrity Selling*, "People are more apt to buy when you communicate end-results benefits than when you communicate only the product or service features!"

Before presenting F&I products to cash buyers, you must still discover their needs. Then you must present all the products (including financing) on a menu and follow the customer's lead. Remember to communicate end-results benefits, not just features. As with any customer, it still comes down to that all-important question: "How will this product help this customer?" Once you communicate how your products will benefit them specifically, you'll quickly discover cash buyers buy F&I products too! ■

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