



The Two-Part Objection

An F&I professional from Missouri is having trouble with customers who say they don't need and can't afford a service contract.

The magazine's F&I wiz weighs in. **By Ron Reahard**

In this edition of "So Here's the Deal," we'll be tackling a two-part objection that comes from Bill in Belton, Mo., home of the historic Belton, Grandview and Kansas City Railroad. "Ron, here's the deal. We've run into a two-part objection several times in the past week," he says. "A customer can't see the value of the extended service contract or doesn't think they need it, and they also can't afford it. What's the best way to handle this combo objection?"

Whenever you have a customer throwing out multiple objections at once, it typically signifies that he or she has already decided not to buy the product. There could be many reasons for this: a bad experience with a previous service agreement or sales tactic, or the opinion of a friend who thinks a vehicle service contract is a waste of money.

So, before you can convince the customer of the value of the service contract, you first have to discover what his or her real objection is. The "I don't need it" objection is no different than the "I'm just looking" objection salespeople get on the lot or in the showroom — it's the customer's automatic defense mechanism. And "I can't afford it" is almost always a bogus objection. If a lender will advance the money for the service contract, the customer can afford to buy one. They just don't want to afford it because they don't think they need it.

To get more details on why the customer is objecting, use a reflec-

tive probe like: "You're not sure you need the protection?" Let's say the customer responds with, "Yeah, that's why I'm buying a new pickup; so I don't have to worry about repairs. If it breaks down, I'll just get rid of it." Ah, now we've uncovered something: They don't want to have to worry about repairs. That means we have what we need to sell the service agreement.

F&I manager: I understand. That's why you're buying this new pickup, because you don't want to have to worry about repairs. I mean, if you thought you were going to have to fix it, you wouldn't be buying a new RAM. You'd be buying something else, right?

Customer: Absolutely.

F&I manager: Well, I have to agree with you. Your new RAM is definitely one of the finest and most technologically advanced trucks on the road today. And hopefully, you'll never have any repairs. Unfortunately, if you have even a minor problem with your RAM, it can be extraordinarily expensive.

Customer: Why is that?

F&I manager: Because we can't fix it.

Customer: What do you mean you can't fix it?

F&I manager: If you have a problem with your eight-speed, electronically controlled automatic transmission, we can't fix it. We have to replace it. If you have a problem with the integrated switch bank that controls the all-new active-level, four-corner air suspen-

sion system, your start/stop system, the electronic stability control, tow or haul mode, as well as your heated seats and steering wheel, you have to replace the entire control assembly.

That's why, especially on a new RAM, the service contract is absolutely critical. It's not that you have a lot of repairs, it's that when you do have a repair, it's a lot more expensive to fix. And even if you get rid of the truck, it's still going to need to be repaired if you hope to maintain the resale value. And one of the reasons you're buying a new truck is so you don't have to worry about repairs, right?

Customer: Right.

And that positive response means you've earned the right to go for the close.

Check out my video response to this and other questions at www.fi-magazine.com, and don't forget to submit your own video for a chance to get your question answered, plus receive a free pass to this year's Industry Summit (www.industry-summit.com). Until next month, remember: It's a beautiful day to help a customer! ■

Ronald J. Reahard is president of Reahard & Associates Inc., an F&I training company providing F&I classes, workshops, in-dealership and online training. Use your mobile phone to record a brief video (shot landscape style!) of you posing your question and upload it to www.hightail.com/u/REAHARD.