

Handling the 'Be-Back' Objection



BY RON REAHARD

Why should your customers buy the service contract if their vehicle is already covered? The magazine's resident F&I pro has the answer.

This month's question comes from Fred in Coolidge, Ariz., home of the Gallopin' Goose — a local watering hole recently featured on the show "Bar Rescue." Because saving bars is a worthy cause we can all support. Fred asks, "How would you respond to a customer who says his new car has a three-year, 36,000-mile warranty on it, then asks, 'Why do I need to buy the service contract now? I'll just come in three years and buy it.' Thanks for the help."

Fred, I'm glad you asked, because this is a very common objection to buying a service contract on a new vehicle. It's an especially good question because most providers allow consumers to buy a new-car plan as long as their vehicle is still under the manufacturer's factory warranty.

What you have to keep in mind when faced with this objection is the customer is essentially telling you he isn't opposed to the idea of purchasing a vehicle service agreement. He is simply asking why he should buy it now instead of waiting. The key is to provide the customer with valid reasons why now is the best time to buy it. So what you need to do is help them see the benefit of buying it today without spewing a bunch of information they haven't asked for.

As with any objection, you first have to acknowledge the customer's concern, demonstrate empathy, and then make the customer want to know the reasons he should buy the service contract today. But the customer first needs to want to hear those reasons before you provide them. Remember, selling is making customers want what you have, and what you have is knowledge and expertise to help them make the right decision for them and their family. So the next time a customer asks you why she should buy the service contract now, your response might go like this:

F&I Manager: That's a great question. Why should you buy it now? Because you're absolutely right, you can buy it at any time during the manufacturer's warranty. So if you want to wait, you're welcome to do so. Although we find there are five important reasons why most people choose to get it at the time of purchase.

Customer: Really, what are those reasons?

F&I Manager: First, we normally have a price increase ev-

ery year. So if you wait one year, you'll pay one price increase. If you wait two years, you'll pay two price increases. In three years you'll pay three price increases. And depending on how long you wait, you may also have to pay a surcharge or an inspection fee to ensure your vehicle still qualifies. You'll also forfeit coverage, because the coverage doesn't begin until you purchase the service agreement.

For example, if you wait two years to purchase the service agreement, you'll forfeit two years of roadside assistance benefits, two years of travel interruption protection, two years of rental car coverage, and two years of towing benefits. So you wind up paying more money for less coverage. Even worse, depending on

how long you wait, you may not qualify for the same level of coverage. That's because eligibility is determined by both the date of purchase and miles on the vehicle. And who knows where you'll be or what you'll be doing at the precise moment your warranty expires.

But probably the most important reason to get the coverage now is that you can include it in your payment. In fact, the lender feels this protection is so important that it's willing to advance the entire amount to allow you to obtain the coverage. You don't have to come up with any additional money down, worry about writing a check for it later, or put it on a high interest rate credit card. And 1.9% is a lot better than 18.9%, right?

Customer: That's true.

A positive response means it's time to go for the close. Thanks for your question, Fred. You can watch my video response to Fred's question and check out the world famous Gallopin' Goose bar by visiting my So Here's the Deal Blog at www.fi-magazine.com. Because when it comes to drinkin', what's good for the goose is good for the gander. And don't forget to submit your own video for a chance to get your question answered and a free YETI. 'Cause whether you're a goose or a gander, it's a beautiful day to help a customer. ■

ABOUT THE AUTHOR

Got a question or objection for Ron? Use your mobile phone to record a brief video (shot landscape style!) of your question and upload it to: go-reahard.com/ask-ron/.

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