

POWERFUL SOLUTIONS

For maximum F&I profitability

Concessions

Clearly, our credibility is of the utmost importance...yet so many of us toss it away, regularly! It doesn't take too much deep introspection to realize it, either. Consider how it must sound to our Guests when we say, "if I could...would ya?" Heck, you can almost even hear it in a very unintelligent sounding voice! In the history of negotiation, of all the different methods employed, this is probably the worst and least effective. You might as well say, "sorry...I know I was just trying to charge you too much! You caught me. Now that you have discovered my bad behavior, will you still consider doing business with me if I repent and charge you less?"

Unlikely!

What got us here?

Initially, we interviewed our Guests Mary and Mike. We discovered that Mary is the lucky one getting the new vehicle, this time around, and her anticipated trade cycle will be 5-7 years. She will be driving approximately 12-15,000 miles per year. We then mistakenly specify a VSC offering of 7 years, 100,000 miles, when building our menu, and, by doing so, we have now leaned into a left hook. "You know what, I don't think so. I might not even keep the car that long", she says, at the conclusion of your menu presentation. Our Guest is now motivated by fear of loss, of paying for more than she'll use, and it is we who created this anxiety, through our misdirected offering.

Damage control.

We try to make amends by now throwing a price concession at the mess.

It's a cash deal and you respond to the objection with, "if I could sell it to you for \$500 less, would you take it?" We have now tossed gasoline on the funeral pyre of our deal and, later, even receive a bad survey! Or, perhaps the deal we are working on is a 72-month finance offering. This same \$500 compromise, you are attempting to make, now becomes, "I know \$467 is too high. Would you do it for \$459.50?"

How'd that work out for you?

These approaches almost never work because there is no value in it, for our Guests. We have also now created the added uncertainty, in our Guest's minds, of what a fair price might be if they *were* possibly interested. There really isn't much upside here.

So...what *do* we do?

Instead, we might consider motivating our Guests by *hope for gain*. Considering the same usage patterns, listed above, we'll offer Mary a 5-year, 60,000-mile VSC. We have now removed the obvious objection to our offering, that she may not keep it that long, by aiming at the lower-end of her anticipated usage pattern. Therefore, when Mary leans back in her chair, crosses her arms, and says, "you know what, I don't think so"...we'll be able to respond, "is it the way it's packaged that concerns you?" Mary will ask us to explain. We'll continue, "you, like me, I'm sure would agree, this top piece, the full-mechanical coverage, the one everyone refers to as 'bumper-to-bumper', that this is the most important piece in the whole matrix. Surely you'd agree with that?!" She nods, in agreement, but you can see it in her eyes...she still isn't convinced there is enough value in it, for her.



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