POWERFUL SOLUTIONS

For maximum F&I profitability

Used Vehicles

Our new vehicle Guests plainly make a statement, with every purchase…they have low risk tolerance! In other words, they are far more inclined to invest a significantly higher amount toward ownership of something with full factory coverage. This obviously makes sense, particularly when we consider how lofty repair expenses quickly become these days.

As a result, they are also predisposed to being receptive to our message. "Folks, obviously the protection afforded you by the full factory coverage is important. That's always a core reason for investing in a *new* vehicle. And since your trade cycle will extend well beyond the point where the factory has accepted responsibility for the repair payments, it's obvious you probably don't want to accept the responsibility, *yourselves*, for the costs of repairs, once the factory has decided to stop paying!"

After all, let's consider the fact that the factory probably has more money than our Guests and us, combined. They probably know the vehicle better than anyone because they build it. They know the importance, to their audience (the new vehicle buyer), of the coverage they offer, and that it sells vehicles. Therefore, it may also stand to reason that offering *longer* coverage terms and mileage allowances would probably sell more vehicles. Yet they don't. Why? Because they have determined that *their* level of risk tolerance needs to end, at a certain point, for economic reasons. Put simply, the risk exceeds the reward.

Think about that for a moment.

If the people who build the vehicle…who know it better than anyone… who probably have more money than both us and our Guests, combined…if *they* have decided to eliminate *their* risk tolerance, at a certain point, why should we, then, assume all the risk from that point forward?!? Does our Guest's ownership cycle end at this point? Usually not. Will they have payments remaining at this point, where financing is involved? Usually yes.

Once we shed light on these facts, our new vehicle Guests are likely very receptive to our message!

There is a problem with this, however. New vehicle pricing is beginning to drive our Guests to seek solutions to their transportation needs, with more regularity, from the used vehicle market.

So where does that leave our used vehicle Guests? Are they more well equipped to handle the unexpected? Probably not. And yet they are also making a statement, every time they purchase a vehicle…that they are more willing to accept risk than our new vehicle Guests.

Let's say the previously-enjoyed vehicle, they are purchasing, is three years old and has 36,000 miles, but is being bought for $20,000 (versus a new one, with no miles, for $30,000). Our Guests may conclude that this savings justifies the exposure to unforeseen expenses. They are willing to gamble.

However, it doesn't have to be this way.

Instead, we might share with them that they have an opportunity to take advantage of the best of both worlds! They are purchasing their new-to-them, previously enjoyed vehicle, for the considerable savings previously reviewed, but don't have to assume all the risks typically involved. Let's assume the opportunity presents itself that for $3500…they'll be able to protect themselves from all the exposure related to the end of the factory's full-mechanical coverage (what most folks refer to as bumper-to-bumper) for the next three years, or 36,000 miles, whichever comes first. In fact, they may even have access to a plan with term and mileage limits as long as their finance term.

At the end of the day, they will still have realized tremendous savings versus the investment of that which would have been required, to obtain a new vehicle, while still enjoying the level of protection (or very close to it) they would have received had they spent the "big bucks" on new!

Think about it.

Good luck and good selling!