



BY LISA GLADSTONE

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Making customers happy by creating a tantalizing F&I menu

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When people enter a restaurant, there's one thing they can always count on—a menu so that they can make their food selections. Would you care for an appetizer? Salad? What would you like for an entrée, and how would you like that prepared? Everyone peruses the menu to review all available options, and then to pick and choose what they want and exactly how they want it prepared. No anchovies, Ma'am? No problem.

A restaurant menu makes perfect sense when it comes to selecting, so why not present all boating customers with specific menu choices when it comes to financing? Menu selling or presenting customers with a printed list of packages and spelling out all available aftermarket F&I products allows boating customers to make their own decisions.

Menu choices

An F&I department or an F&I managed services provider can offer a lot of aftermarket products, such as credit insurance, service contracts, and payment options that allow customers to roll all their F&I products into one affordable monthly loan payment. The last thing any dealer wants to do is create a potential liability by not offering all of a dealership's available products to all customers. That's why Priority One Financial Services chose to design and adopt a menu selling system approach for its hundreds of nationwide dealers.

According to J.D. Power and Associates, 93% of customers want a sales consultant to explain all finance options to them in a non-pressurized setting, and then allow the customers to make their own decisions. It makes good business sense, because no consumer wants to listen to a laundry list of aftermarket products and then feel pressured to buy them. This certainly holds true in the boating industry, where one of the keys to building a satisfied customer base is insisting that a dealership's F&I department or F&I managed services provider use menu selling.

New car buyers have likely encountered the empowering experience of choosing F&I products from a menu. It's been the method of choice for F&I departments in the automobile business for some time now. JM&A Associates, one of the largest providers of F&I products in the automotive industry, has found that menu selling cuts the closing process time almost in half and can also have a positive impact on F&I profits. It's not a far reach between what the car folks have been doing to what marine dealerships are now embracing for their F&I practices.

F&I menus

Ron Reahard, a nationally recognized finance and insurance author and trainer who teaches that a customer should be helped, not sold, says that “a menu allows customers to select the products they want and ask questions or voice concerns about the ones they don’t think they need.”

Reahard has delivered his “financial menu teachings” to loan consultants around the country. According to Reahard, “Customers appreciate having someone take the time to review the options, answer their questions, and help them make an informed decision with regard to those options. They resent having to listen to a sales pitch.”

Many of us in sales practice the old 70/30 rule, that is, the customer should be talking 70% of the time and the salesperson should be speaking only 30% of the time. According to Rina Aponte, Recreational Lending Manager at Priority One Financial Services, boat and motor dealers need to be good listeners. Customers will specify their needs if F&I managers and service providers pay close attention during the finance presentation. She points out that offering a “financing menu” makes good sense. “Menu systems help simplify the closing process,” Aponte said. “Customers want a straightforward, positive buying experience, and our menu system helps achieve that. We believe that by allowing customers to make their own decisions about which F&I products they truly want, we avoid any possibility of the customer feeling pressured or sold.”

Aponte believes that there are plenty of advantages to “serving up” an option menu to customers. They include: adding value and professionalism to the sales approach, speeding up the closing process, allowing customers to “see” their options, and creating positive CSI for your dealership.

Dennis Morgan, owner of Angler’s Port Marine in Warsaw, Mo., knows all about helping customers. Morgan spent 10 years in the automobile industry before opening a marine dealership eight years ago. “If a menu is clear and understandable, and the customer sees what the payments are, with or without aftermarket options, that’s pretty much the way to go,” Morgan said, adding that aftermarket product sales by his F&I managed services provider have certainly boosted his dealership’s profitability.

Customers really do appreciate hearing about and seeing every available option. For example, a dealer recently told me this story about a customer who was forced to use a credit insurance policy and was so grateful that this policy was offered to him when he purchased a boat. The customer purchased a credit life policy when he bought a boat in February 2006. Eight months later, the customer died in a car accident. Because this customer chose the credit life option as presented to him, the boat was paid for, leaving his estate with an asset rather than a liability.

The legal aspect

Not only do customers appreciate having an F&I menu, but by law, dealers are required to disclose everything to every customer every time. Quentin McClung, a senior vice president for Protective Life Corp., a national provider of insurance and investment products, calls this full disclosure the 300% rule. “An F&I department or F&I managed services provider needs to offer 100% of the products to 100% percent of the customers 100% of the time. If not, the company could be in violation of multiple government rules and regulations.

The use of a properly prepared menu will help ensure compliance with applicable laws and regulations like the Sherman Anti-Trust Act, Federal Regulation Z, or the Federal Trade Commission Act. State regulations, such as the Uniform Deceptive Trade Practices Act, will also come into play. In fact, a proper menu will also help protect dealerships from potential liability and future litigation and provide proof that all F&I products were offered. In addition, a menu offers documentation that the customer not only wanted the products he/she purchased, but that he/she also requested these products to be included in the loan payment.

Nationwide, state agencies are on the lookout for “payment packers,” that is those managers stuffing every aftermarket product imaginable into a customer’s base payment without any disclosure. The customer has no clue that his monthly payment has been “packed.” Prior to protecting themselves with menu selling, this was common practice by many F&I departments in the auto business. Protective Life’s McClung said, “Marine dealers understand the profit center available from aftermarket products and are also aware of the drawback as witnessed by their auto dealer peers. The biggest pitfall of dealerships is disclosure—making sure that if they are selling aftermarket products, those products are clearly disclosed to the consumer. Utilizing a menu aids in the disclosure process by presenting the options to the customer, allowing the F&I professional the opportunity to discuss the value of each product offering, and allowing the customer to choose what he or she needs.”

“In the automobile industry from a compliance standpoint, the class-action attorneys are drooling over the opportunity to find dealers who are not acting within the laws and regulations,” McClung added. He warns that “if marine dealers are not disclosing everything available, it won’t be long before these attorneys begin looking into the marine, RV, and power sports industries.”

So why should dealers give class-action attorneys the opportunity to come after their businesses for “payment packing” or non-disclosure? Customer needs, customer decisions, and complete disclosure by an F&I department or F&I managed services provider are vital for happy customers and the overall dealership success.

All dealers know that happy customers become repeat customers, and they are the ones who refer new customers. To keep and maintain happy customers, dealers should present an F&I menu with some tantalizing choices. Dealers need to inform customers about the F&I goodies they have to offer, then allow customers to order from the F&I menu until they’re full.

Bon Appetit.

(Source: J.D. Power and Associates Financing Satisfaction Study, November 1996)

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