



## **Dealerships can make Money on Finance *and* Cash Deals**

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When a customer is ready to purchase his boat he has the option of paying cash or financing the unit. More than likely you are hoping he is going to finance with your dealership because you have the opportunity to make additional profit through finance reserve and products such as extended service contracts, credit life and GAP protection. However, if the customer says he is going to pay with cash, there are still opportunities to generate additional revenue.

If a customer says he is paying cash, first, make sure his definition of cash is the same as yours by asking, "Will this be actual cash, or do I need to put a lien on the title?" If the customer's idea of having cash means he is going to receive his own financing from a bank or credit union, mention that your dealership offers numerous competitive financing options and can arrange for a loan in less time and with less hassle. Many banks are closed on the weekends and credit union loan committees don't meet every day. Once the loan is approved, your customer will have to drive to the bank, pick up his check and drive back to the dealership. By taking advantage of dealership financing, the customer can take ownership of his new unit quicker.

For customers that are really paying cash try a cash conversion. Cash conversions enable your dealership to make additional profit through your finance department as well as maintain control of the sale by discouraging the customer from obtaining outside financing. Educate your customer of the numerous advantages of financing. Many people may not realize that certain boats may qualify as a second home to the IRS and the interest on the boat loan becomes tax deductible. Other people may benefit from financing if paying cash would leave them without available money for emergencies or investments. Furthermore, if your customer has no credit history, financing may begin his new credit history and help him qualify for future financing.

Consumers that pay with actual cash-in-hand may do so for a variety of reasons: paying with cash means no monthly payments, saving more money for future expenditures and emergency expenses, no worries about late fees and pride that one gets from knowing his purchase is truly his and his alone. If you can't sway him into financing, don't worry, your F&I department can still sell products including extended service contracts, on the water coverage and concierge services.

All customers, whether financing or not, should purchase an extended service contract as it adds value to the unit should the customer want to trade or resell it, protects the unit beyond the manufacturer's warranty and may even offer coupons for travel expenses, leisure activities and restaurants. Customers may also be presented products that provide extra safety measures including dockside assistance, a navigation package and prescription delivery.

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When it comes right down to it, financing or paying cash for a recreational unit is often a decision based on your customer's financial situation and a personal preference. Educating all customers about the benefits of financing will lead to a higher level of finance penetration and increased F&I profit. But for the few who still insist on paying cash, product sales present another layer of opportunity for your F&I department to generate income.

### **About Priority One Financial Services**

Priority One has been serving the marine and RV industry since 1987. Acquired in 2007 by Forest River, Inc. a Berkshire Hathaway company, Priority One serves as the F&I managed services provider for hundreds of dealers nationwide. For more information, visit [www.P1FS.com](http://www.P1FS.com).

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