

# RV EXECUTIVE TODAY



## Time to Take Control

by: Jared Zimlin

A good customer is a find. So why let him or her walk out of your dealership? This sounds like the beginning of a joke, but bear with me. A guy walks into an RV dealership and says to the salesperson, "I want to buy a fifth wheel and I have cash to spend." The salesperson, eager to deliver another unit says, "Well sir, your cash is good here and have I got a beauty for you." STOP! NO! WRONG! The reason why? Mr. Customer's cash is good anywhere, at any dealership down the road, the next town over, or the next state over. Cash is a license to shop, but getting a customer to finance is a dealer's ticket to controlling the sale.

## CONTROL OF THE SITUATION

Being a "control freak" when it comes to your customers is not a bad thing. In fact, it's a good thing because every other dealer and lender out there is competing for that business. The first and most important line of defense is your sales team. They immediately take control of the situation by getting every customer to fill out a credit application to learn how the customer will pay for their purchase. One question can make a world of difference, "Will we need to place a lien on the title for a lender?" It's critical to find out if the customer is referring to real cash money or if they've pre-arranged financing with a bank or credit union. That simple process empowers your finance manager or F&I managed services provider to put the deal together, get the unit delivered, and keep the profit from the sale and F&I products inhouse. Beware of the, "I'll pay cash" customer. Many customers who say they have cash actually are getting their funds elsewhere. Don't assume that it's easier to take their money and run versus earning their finance business. It actually can cost you sales. "By asking to earn your customers' finance business, you keep control of the sale," says Lorraine Mariotti, vice president of lending for Priority One Financial Services. Mariotti adds, "Deals can easily evaporate because the bank or credit union can't offer the terms or don't work with the customer on common credit or debt ratio issues. They typically don't have the dealer's best interests at heart, can sour the customer on the purchase, or send the customer to another dealer."

Janet Starkey of Green Star Camper Center in Rapid City, SD, knows the impact a local credit union can have on a dealership. "Before we started using an F&I managed services provider, our customers went to the credit union," she explained. "I found that once they were approved there, they kept on shopping around for RVs and it's hard to tie them down." Starkey, along with her husband, Ron, sold RVs since 1988, and she sees the value of having control over the approvals her customers' receive.

## F&I SERVICES

"Recreational funds" can be a deal maker or deal breaker for your customers.

What if they don't fit the credit criteria of the local bank? The customer may get a sense their credit isn't adequate and will disappear. Maybe, while they're driving home from the local bank, they might decide to stop at your competition. That dealer has a similar RV to yours, but theirs is \$200 less. Since your customer has the cash in hand, and his perception is that he's getting a better deal, you can wave that sale goodbye. That is why it's important to have a well-trained F&I manager or F&I managed services provider. They are aware of the customer's credit and what special opportunities might be available to seal the deal, whether it's zero down, a deferred payment, or a non-prime lender willing to underwrite the loan.

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## INSURANCE

Being able to offer your customers full-service financing can make a big difference when it comes to control. Recreational insurance can squash a deal too, according to Kathryn McKenna, Agency Manager of Veritas Insurance Group. "When buying a luxury item such as an RV, customers mentally factor the entire monthly obligation including the payment, gas, and the monthly cost of insurance. Not being able to find affordable insurance coverage can make a customer decide they just can't afford a "toy" right now. Additionally, an insurance agency with no ties to your dealership could even direct away the deal or F&I profits from your dealership," McKenna says. "It's not uncommon for an independent insurance agent to ask the customer about how they are paying for the RV and then undercut the finance rate the customer has already agreed to. Not only does the dealer lose F&I profits on the transaction, but they could lose the entire sale if the agent has a friend who also sells RVs."

## STEPS TO CONTROL SALES

- Get each customer to fill out an application
- Ask, "Will I have to place a lien on the title?"
- Determine if it's really cash.

According to a survey by the University of Michigan's Survey Research Center, the demand for RVs will continue to grow during the next decade due to purchase intentions and favorable population trends. Imagine, 8.5 million households will own at least one RV by 2010!

Remember, your dealership is providing a service. If a customer comes to you, find the best RV and get all of their finance and insurance needs taken care of in one spot, and you are in the driver's seat. You can count on not only a sale, but a customer for life. Sometimes, whoever makes the process easiest, makes the sale. Don't you think it's time you got in control?