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# MEET YOUR FRIENDLY F&I MANAGER – FIVE STATES AWAY

BY STEVE FINLAY

**T**raditionalists contend the best way to sell finance and insurance products is one-on-one at car dealerships.

After all, they say, getting customers to buy F&I products – ranging from extended service contracts to gap insurance to wheel-and-tire protection plans –



requires a skilled salesperson who highlights needs and value.

But who says the F&I manager and customer must be in the same room? Or even the same state? Indeed, early testing of alternative digital ways to sell F&I offerings includes this setup:

After selecting the vehicle they wish to buy at the dealership, customers are escorted into an office containing two video screens.

One screen is used to show graphics and videos about avail-

able F&I products. On the other screen is the person presenting the products and doing a “needs analysis” to learn customers’ driving habits (i.e. estimated annual mileage) and consequently recommend F&I products that best suit their needs.

That representative can be located far from the store. A pilot program involving such distance selling is under way at some power-sports dealerships. It may ultimately find its way to car dealerships.

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“In five years, you will see virtual F&I in a lot of dealerships,” says Jenny Rappaport, vice president-marketing for EFG Companies, an F&I product provider and training company.

“For instance, a person, who might be five states away, interacts onscreen with a customer at the dealership,” she says.

It’s part of an industry movement to make F&I more digital. The brass ring of that movement is using existing and emerging technology that enables consumers to do an entire car deal online.

“The pressure is from customers who say, ‘You’ve got to figure that out,’” Rappaport says of digital car buying and all that goes into it. “The question today is, ‘How will I be able to do it online?’ From an F&I standpoint, it hasn’t been worked out yet.”

Adds John Pappanastos, EFG’s president and CEO: “It will move online faster than some people think. But there are still some issues, one involving identity

verification. It’s sometimes hard enough to validate someone’s identity when they are standing in front of you.”

Being able to establish that online and meet compliance

requirements “will be figured out,” he says, adding that many franchised dealers are interested in virtual F&I, “particularly in special finance and off-hours.”

For years, F&I was a non-presence on dealer

websites that overwhelmingly emphasized vehicle sales. But that’s beginning to change as websites become more robust.

F&I is gaining a dealership website presence, from product descriptions to show-and-tell videos. In the works are chat systems using artificial intelligence to answer consumer questions.

The idea – for now at least – isn’t necessarily for the user to buy F&I products online.

Rather, it is to familiarize Internet car shoppers with products and services so they will know more about them when

## F&I IS GAINING A DEALERSHIP WEBSITE PRESENCE, FROM PRODUCT DESCRIPTIONS TO SHOW-AND-TELL VIDEOS.



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they meet the F&I manager at the dealership. The thinking is that prior product familiarity increases the chances of customers ultimately buying.

“We don’t believe F&I products sell themselves,” Pappanastos says.

### **MAKING F&I MORE USER-FRIENDLY**

The goal of many digital initiatives is “to make F&I more user-friendly,” says Vince Santivasti, vice president-F&I business development at Zurich, an F&I provider and insurer.

Zurich’s customer focus group discussions have indicated consumers don’t possess enough prior information to properly consider buying F&I products.

It’s a dilemma. Requiring the F&I manager to go through the details of every product takes time. Yet, time in the F&I office quickly can reach a point where the customer gets impatient and starts to feel trapped in “the box.”

Too much time spent in the F&I office often is cited as a negative in customer-satisfaction surveys.

“What we do know is that consumers despise how long it takes to buy a car,” Pappanastos says.

Another gem of information Zurich mined from the focus groups is “if we made it easier for them, people would buy more F&I products,” Santivasti says.

Zurich this year has been making enhanced F&I videos available for dealers to put on their websites. They include more details than did earlier videos.

“It’s for customers who want F&I product information before they go into the dealership,” Santivasti says. “We’re trying to get upfront with F&I. We’re rolling that out and labeling them (on websites) as protection products.”

He envisions customers in a few years will be able to do an entire vehicle transaction online. “Absolutely, that is the direction we are going. The demand will be there.”

Santivasti envisions it digitally working this way: “You pick the car, get approved for financing, look at and buy the F&I products (with pricing and payments listed).”

He acknowledges it won’t



**The pressure is from customers who say, ‘You’ve got to figure that out,’” says Pappanastos, EFG’s CEO.**



be for everybody. A National Automobile Dealers Assn. study predicts A-to-Z online car buying will become common but not prevalent in the future.

“There might be 80% who will want to buy a car in the traditional way,” Santivasti says. “So we have to be thought leaders in two different areas. We have to help provide what the future will look like, but at the same time provide the technology and training for how the business is right now.”

Many F&I managers insist it is vital to do an in-person presentation both to connect with the customer on a human level as well as to employ the sales technique of overcoming initial objections. How can that possibly be done online, they ask?

In the works is an artificial-intelligence system that would allow a consumer to do an online F&I needs analysis that can help them determine what F&I prod-

ucts would work best for them, based on factors such as how much driving they do and how long they intend to keep a car.

“That doesn’t necessarily overcome objections, but it gives them some facts,” Santivasti

says. “You can still overcome objections after someone has looked at the F&I products online, then goes to the dealership. I’d rather have two chances (at presenting F&I products) than one.”

Today, many dealers use computer devices to enhance the presentation of aftermarket products and financing options.

Zurich points to its Illuminate system that uses computer tablets to aid in providing product descriptions, pricing and payments.

“We think you will start to see a trend this year involving greater F&I pricing transparency online,” EFG’s Rappaport says. “You are seeing some of that now. F&I pric-

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**“We’re trying to get upfront with F&I,” Zurich’s Santivasti says.**



## THE BIG STORY

**Reynolds calls its digital DocuPAD a runaway hit. Instead of a stack of papers, the customer gets a thumb drive containing documents.**



es had been behind the curtain but now some dealerships are promoting it and making it part of their virtual showroom.”

Dealership information technology provider Reynolds and Reynolds says its docuPAD is a runaway hit. It uses a large tabletop touchscreen computer tablet that presents products in an interactive way.

Enhanced versions of the system allows for digital financing and a paperless completion of purchase and lease documents.

A docuPAD believer is Anthony

Patterson, vice president-operations for the 13-franchise Patterson Auto Group in Wichita Falls, TX.

“Regardless of how good an F&I manager may be as a salesperson, it is hard to overcome a customer’s in-a-corner feeling when they are in the F&I office,” he says, adding docuPAD helps alleviate that.

Dealertrack offers a product called The Digital Retailing Showroom App that enables dealership staffers to use iPads in collaborative selling from start to finish.

“The tablet allows you to get



**Using a computer tablet “allows you to get side by side with customers rather than across a desk from them,” says Dealertrack’s Kitzman.**

side by side with customers rather than across a desk from them,” says Sharon Kitzman, Dealertrack’s DMS (dealership-management system) vice president and general manager.

Dealership IT provider CDK offers new predictive analytics that help F&I managers sell aftermarket products in a way similar to how Amazon systematically determines consumers’ tastes and then recommends relevant products.

### DEBATE OVER E-CONTRACTING

E-contracting is a function that may finally be catching on in auto retailing after idling for years as the impending next best thing that didn’t seem to really go anywhere.

Different versions of e-contracting are available from various vendors. Many F&I managers who use it swear by it, saying it helps prevent documentation errors, speed up transactions and reduce paperwork.

Still, the adoption rate has not been particularly rapid.

“We’ve talked about it forever,” says Nick Stanutz, a senior vice

president at Huntington National Bank. “But there’s not much demand at the dealer level.”

Users seem sold though.

“Love it,” says one F&I manager, a member of an industry Facebook group. “You can actually be funded before your customer leaves the parking lot.”

“I can’t see a negative,” says another F&I manager.

Marv Eleazer can. He is the finance director at Langdale Ford in Valdosta, GA.

“The reason a lot of dealers don’t e-contract is the lack of immediate ROI,” he says. “Sure, they get their money a little quicker and reduce errors, but the logistics of implementing it obviously don’t interest enough people... If it was the God-sent cure-all in F&I, everyone would be flocking to the sign-up table.”

### MOVE IT!

Virtually all of the new and impending F&I technologies share a common goal of trying to speed up the transaction.

“The customers want car buying to be easier and shorter,” says





CDK CEO Brian McDonald. “We’re trying to make F&I less disruptive for the consumer, but at the same time maintain the profitability for the dealer.”

That latter point goes to F&I being a vital dealership profit center, particularly at a time when the new-vehicle sales department faces profit-margin squeezes.

“The F&I process is what people say needs improving,” Mark Kaczynski, president and CEO of Nissan Motor Acceptance, says at an industry conference earlier this year. “How do we streamline it and make people more comfortable there?”

A clunky or overly aggressive F&I presentation may mar the customer experience and result in a lot of “not-interested” customer reactions. On the other hand, skilled and polished F&I managers often are regarded as dealership MVPs who score both customer sales and satisfaction.

### THE BIG M (MILLENNIALS)

McDonald says some of the new F&I technology, such as CDK’s

Amazon approach, appeals particularly to young buyers such as Millennials who are in their 20s and 30s.

But they’re not spurring the technology, he says. “There’s always the temptation to say young people drive technology, but if you go back and look at the statistics of, say, who the early iPhone adaptors were, it was older people.

“Millennials like to shop for cars in a particular way and they don’t like negotiating, but a lot of this technology applies to a world beyond Millennials,” he adds.

“People in general do not want to spend four hours in a dealership buying a car. If you can shave a couple of hours off that, it appeals to a whole spectrum of buyers.”

Although society seems to have assigned Gen Y with a variety of distinct personality traits, Kaczynski says, “they view themselves as individuals, not as Millennials.”

In that regard, “We’re all Millennials,” says Mark Ryan, a vice



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## THE BIG STORY

president at credit scorer FICO.

Adds John Garff, president of Salt Lake City-based Ken Garff Automotive Group (No.9 on the 2017 *WardsAuto Megadealer 100* ranking): “Millennials are the first generation to articulate what we all want. The reality is that every customer is different.”

But the various age groups show differences in how they think and act, both as consumers and people in the workplace, Santivasti says. “We pay attention to that in training, both how to sell to younger people and how to lead them as an employer.”

He says of the latter point: “We’ll have three or four different generations working at the same place. If I am someone in my 30s managing someone who is 55 and someone else who is 22, I need to realize those employees have different motivations. When you start throwing in the technology piece, it really gets different.”

For F&I managers in the future, technology will play a bigger role, but people and selling skills will prevail, Santivasti says. “They will have to know the technology, but

they also must be personable and presentable.”

He regularly consults with dealership groups, the big operations that to a large extent lead many industry directions and innovations. He describes what he hears from those players.

“If you ask them what their greatest need will be in three to four years, very few of them will say, ‘We need to get better in technology.’ Instead, the first thing they say is, ‘People. We need to find the next salesperson, the next business manager, the person who will run the next store we buy.’

“That focus on personnel and personnel development is not going away.” **WA**



*This story was written by Steve Finlay, a senior editor at WardsAuto. He can be reached*

*at [sfinlay@wardsauto.com](mailto:sfinlay@wardsauto.com)*