

ONLINE TRENDS

Dealing With Digital Natives

Consumers are stepping into the driver's seat, and expecting to accomplish a whole lot more online.

As power shifts to the consumer, it can make the progressive dealer's life easier.

"Now that consumers have access to information, they can understand and realize the cost of car ownership," says Anthony Okuchi, Senior Manager, Product Strategy, LGM Financial Services. "They can see certain products are important to maintain the life and resale of that vehicle."

F&I managers need to be mindful of the consumer that Okuchi refers to as a "digital native." "These are consumers who have grown up with technology like the Internet and smartphones," he says. "This generation requires dealers and F&I managers to deliver through online methods. How does an F&I manager allow these digital natives to do online research about F&I rates, products? That's what this consumer knows how to do."

Some manufacturers are providing additional F&I product information on their build and price websites. "They need to be sharing this information more online, because consumers are increasingly in the driver's seat," notes Okuchi.

As digital natives and consumers move into the driver's seat, they will be asking for information at the dealership rather than having it sold to

them. "It will make for an easier sales process—that's a bright spot," says Okuchi. "These digital natives with their online research means they'll be more educated about F&I products in advance of their car purchase down the road—they'll be asking for it."

Adapting to the customer

Dealerships have a number of ways that they can embrace change, according to Claude Moureaux, Strategic Advisor at Desjardins. "The market has to adapt to the customer and make that experience transparent, and strike a balance between what the dealership is trying to make in terms of revenue vs. ensuring a long term relationship with the customer, who's going to come back two or three times."

Part of the way that dealers can accomplish these dual goals is to transform the way they market to customers through digital tools. "People want to feel that they're being delighted into a transaction that's transparent, secure and to their advantage," says Moureaux.

There's more pressure on the F&I office to compress the time of the financing process. "The F&I office and financial institutions are going digital, as many of the major portals have

understood that the whole process has to be shortened," says Moureaux. "So there are going to be more application forms online, on the auto sites and the manufacturer sites."

"Those who will learn how to master e-financing and to be a reassuring option will attract customers," says Moureaux. "Many of the manufacturers understand that, and it's why they're now trying to capture their customers upstream on a web-based journey, and letting the customer decide. They're explaining product and service benefits with auto assisted videos, so the customer doesn't feel pressured."

Auto-assisted widgets

Pilot projects have found that in offering auto-assisted widgets on websites, where a customer can go online, get approved and choose what they want in terms of ancillary products, there's a tendency for the customer to buy more. "They're also more satisfied rather than having the F&I choose for them or propose products," notes Moureaux.

"You get the right product for the right customer—at the end of the day, the customer has a delight score, a level of satisfaction that what he's bought is in line with his needs, and will have a tendency to return." 🌐



Digital natives are consumers who have grown up with technology like the Internet and smartphones.

The Fintechs Are Coming!

Technology enables better business dealings.

As the F&I process becomes increasingly digitized, there's a new kid in town—the fintech. It's a term that combines "financial" with "technology."

"These are basement garage type companies that are building new web-based financial solutions with all the emerging programming languages that we know today," says Claude Moureaux, Strategic Advisor at Desjardins. "They're more accessible, they're building solutions that are more flexible and not tied into legacy systems. Now they're starting to propose solutions to manufacturers and financial institutions."

That's creating new competition. "With these fintechs, we're seeing the emergence of new portals and non-traditional financing," says Moureaux. "Traditionally we had a couple of huge leaders in portals but now there are new ones. Due to this, we're also seeing extended applications and back-end applications for both dealers and financial institutions. This will ultimately trickle down to new and efficient ways for dealers to go about their business."

Millennials

That's especially noteworthy in the age of the millennial, who will by

all accounts represent 40 percent of new car buyers in 2020. "These folks want to buy a car like they buy a pair of running shoes online," describes Moureaux. "These new car buyers will drive the industry to adapt, not only in being more transparent in that whole transaction, but also accelerating and expediting the process and making it as simple as buying on amazon.com."

These customers are looking for more transparency on the whole process, especially financing. "That's where the fintechs come in, with their new solutions to digital retailing," says Moureaux. "It's the convergence

of technology, legacy systems and processes. These companies that have mastered and been very savvy with new web-based languages are developing new creative applications for the verticals in automotive.

"Tomorrow's customer will be buying vehicles not in the used car lot or physical space, but will increasingly try to gather more information upstream on the web. Even today, we see buyers going into dealerships where they know more about the vehicles than some of the salespeople who are there. They've done all their homework upstream." 🌐

Krystyna Lagowski