CUSTOMER SATISFACTION **Car Buying** 101

The key to long-term relationships with your customers could well be their education.

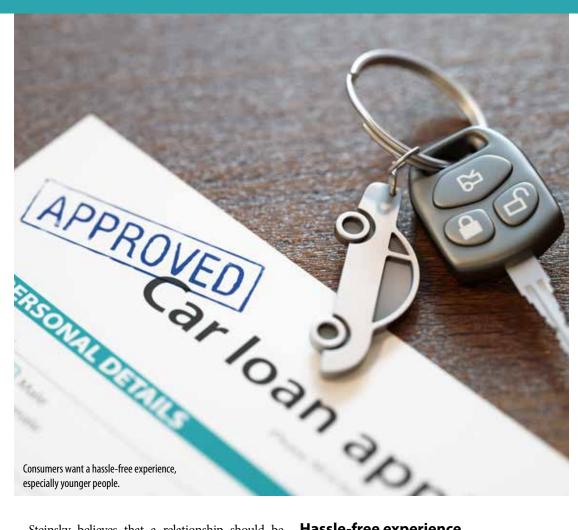
hen finance managers educate their customers about F&I products, those customers are more likely to feel good about their experience.

"Customers today are more educated about purchases, and want more information," says Robert Sevigny, national sales vice president, LGM Financial Services. "We need to provide them with tools to make an informed decision. Help them understand what their trade-in is worth, the value of purchasing a mechanical breakdown protection or appearance package."

Taking the time to understand a customer's past purchases figures heavily into the equation. "What were their past experiences when they returned a vehicle to the dealership and had extra costs because it had nicks and bumps, or their tires were used?" asks Sevigny. "Ask them questions, see what makes them tick. Understand their needs and wants. People like a tailor-made approach."

Financial education

Customers are looking for an education through the car buying experience, and that can be done as part of the selling process, according to George Steinsky, president and CEO, Hyundai Capital Canada. "There isn't a lot of financial education being taught in schools," he notes. "Dealers need to be up front with their customers, especially with young people."



Steinsky believes that a relationship should be nurtured with the customer throughout the finance contract. "Our whole reason for being is to make sure that the consumer buys another Hyundai or Kia," he says. "We're building a long term foundation where we're communicating regularly with those consumers to build that brand loyalty, that connection to the Kia and Hyundai brands, so that when it's time to buy or lease the next one, they're going to stay in the family."

Hyundai Capital is developing more consumer education through their digital and other channels. "This will give consumers a better choice in terms of lease vs. buy, or what long term amortization looks like," says Steinsky. "Long term relationships benefit from open discussions. Customers appreciate it."

Hassle-free experience

Consumers want a hassle-free experience, especially younger people. "Millennials are bringing another way to shop and buy a car," says Sevigny. "There are some that want to do everything online. It's just an additional way to do business, and we have to adapt. They want to drive the process, and you need to follow them through it. You have to adapt to them."

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To most consumers, the process of buying a car and financing it is a single transaction. "It all fits together," says Sevigny. "They want to be able to control it, understand it, so it needs to be transparent. They want it simple. It's important to have a good product, a good partner that sells that product, and that good experience will stay with them while they're driving their car." 🏶 Krystyna Lagowski

Amortization Woes

It's time to take a long view of long-term loans.

s interest rates creep up, consumers R looking for the best buy may or creasingly attracted to long-term loans. looking for the best buy may get in-"Dealers need to be focused on affordability," says George Steinsky, President and CEO, Hyundai Capital Canada. "But although the customer may be happy the day they leave because they got the car they wanted, three years down the road when they want to trade that car in and they're buried, they may have a bad feeling toward the dealer and sometimes toward the manufacturer."

Customers will be more likely to come back if they've had an honest discussion. "You have to ask, how likely is it that you're going to drive this car

for seven years," says Steinsky. "Most people would say probably not. Dealers who have a longer view should be having that conversation with the consumer."

Risk for industry

As rates move up, consumers may be more eager to get into longer contracts. "Unfortunately, people are going to be more upside-down later on," says Steinsky. "That is a bigger risk for the industry because it could push sales out further. Some people won't be able to buy a vehicle when they want to because they're so buried."

He feels it's particularly important to explain amortization with young people. "If they've just finished school, chances are their needs are going to change," says Steinsky. "They get married, have a child, all of that is going to happen inside of seven years, which is a typical 84 month contract."

When that young consumer brings a car back at the two or three year mark to trade it in for an SUV or minivan, they will already be \$1,000 or \$1,500 underwater. "Consumers need to understand that if they're paying a car out over seven years, the way interest rates work, it's going to be a while before a larger portion of their payment is principal," says Steinsky. "That should be discussed in the finance office, and the financial provider should be providing that discussion as well.

"Dealers who are up front about what longer amortization means to a consumer will win."