

1

### Promote finance products/offers in advance marketing and at POS

As most customers do their research online, it is key that a dealership's web presence is focused on finance, according to James Tew, chief executive of iVendi.

Tew said a dealer should underline the affordability of its cars on its website and ensure such offers are available on its smartphone and tablet versions.

"Tools such as online finance calculators and finance eligibility checkers should be used to support this approach, providing customers with the tools to find a finance deal that suits their needs," he said.

"Crucially, because the majority of web access to dealer and manufacturer sites is now by smartphone or tablet, you also need to ensure that your online finance promotions and tools work well on mobile devices."

Nigel Unwin, head of marketing at BMW Group Financial Services, parent of Alphera Financial Services, said digital advances in showroom point of sale (POS) and products such as explanatory videos can also be used to showcase a dealer's services.

Dealers should also promote the benefits of a secured motor finance loan over other forms of borrowing, such as credit cards or personal loans at every opportunity, said Paul Kaye, sales and marketing director from Close Brothers Motor Finance. "It is also essential that all promotional material is clear, transparent and uses language that is easy to understand," he said.

2

### Assess and adapt the qualification and credit sale process for vulnerable people

Treating vulnerable customers fairly is a key area for the Financial Conduct Authority (FCA), when it comes to qualification and sale of credit.

The Motor Ombudsman states that where a consumer appears to have poor literacy skills or if their first language is not English, sales staff must take the "necessary effort and time" to ensure they understand "all aspects of the deal".

Chris Fitch, of the Vulnerability Training Programme at Money Advice Trust, said dealers first need to consider if the arrangement is affordable and then whether they are able to make a decision on it.

If they are unable to make a decision, he said they need support from the dealer or someone else and if that isn't possible, the decision should either be deferred until they are able to do so or the application should be declined.

"They can offer support by asking the customer what they didn't understand, repeating or summarising and simplifying or rephrasing what was said or presented and asking them to summarise what they understood," he said.

Above all, said motor finance compliance specialist Andrew Smith, dealers need to qualify the definition of 'vulnerable' people and train their sales staff to ask the right questions.

"If they then have somebody who they suspect qualifies as vulnerable they have to have a very clear process for ensuring that person is treated properly and in a respectful way," he said.

Demand for consumer credit has never been greater among car buyers, but it must be done in line with numerous rules and regulations. Whether it's HP, PCP or contract hire. Alex Wright brings you AMs best practice tips.

# SELL YOUR SHOWROOM FINANCE THE RIGHT WAY



3

### Use representative offers in finance marketing

Dealers can differentiate themselves by using representative offers in their finance marketing. However, Smith said they need to be clear about the offer and what is included.

"They need to be upfront about everything that's included, such as maintenance packages, the amount of deposit they need to put down, make it easy to understand in plain English and not put it in the small print," he said.

Kaye said dealers should focus on the whole package rather than just price, highlighting speed of processing, likelihood of acceptance, in-dealership experience, ability to tailor the right product and aftersales service.

"Customer service is also vital, and dealers should ensure that they are working with finance companies that value service highly," he said.

Unwin said promotions on different channels and focused marketing of their representative offers can also be used to reach their target audience.

4

### Be clear and upfront about finance companies and brokers

Another area where the FCA has been cracking down is disclosure about the use of finance companies and brokers.

Smith said because of the complex nature of some contracts, it was important for a dealer to explain to the customer which lender their finance deal is with.

"It's vital that the customer is made fully aware of the relationship between themselves and the finance house and every step in between," he said.

Kaye said where a dealer is working with multiple lenders, both their customers and prospects should understand the options available and the differences between them.

"The most important thing is that a customer has the information they need to make the right choice for them," he said. Unwin said dealers must also be explicit in their promotions about the fact they are a credit broker, not a lender.

Graham Hill, vehicle finance director at the National Association of Commercial Finance Brokers, said dealers also need to sell the strengths of using a brokerage as a service.

"From a small dealer's perspective, they also need to make sure that the customer is aware that they are being passed over to a broker because a lot of them use third-party brokers to arrange the finance," he said.

## COMMERCIAL PARTNER COMMENT

By Spencer Hail, director, ALPHERA Financial Services UK



Our entire industry is evolving rapidly, with new technology, techniques and ideas coming to the fore all the time, but none of these is changing as fast as our target customer.

ALPHERA Financial Services is working closely with its extensive partner network to ensure dealers have everything in place to deal with the changing behaviour of consumers.

Millennials, consumers born roughly between 1978 and 1995, are estimated to have more spending power by 2017 than any other generation, so it is important that finance offerings are designed to appeal to this group.

This group is highly motivated by social information, but, according to Goldman Sachs Global Investment Research, they have been reluctant to buy items such as cars, music and luxury goods. Instead, they are turning to a new set of services that provide access to products without the burdens of ownership, giving rise to what is being called a sharing economy.

With this in mind, Alphera has been developing its award-winning products to help dealers to cope with the expected rise and to suit the needs and wants of the current generation.

In today's market, it is vital that dealers are able to provide a service to the customers of yesterday, today and tomorrow. One of our main aims here at Alphera is to ensure our partners are ready to help whoever walks through the door.

■ To learn more about how we can help, visit [alphera.co.uk/becoming-alphera-partner](http://alphera.co.uk/becoming-alphera-partner), phone 0370 505 0137, email [info@alphera.co.uk](mailto:info@alphera.co.uk) or follow us on Twitter @AlpheraFS.



Alphera Financial Services UK is a commercial partner of our Dealer Masterclass programme, and will be sharing more inspiration at Automotive Management Live on November 9, 2017.



**5**

## Help consumers with a quote facility

Under FCA rules, where practical, firms should facilitate customers shopping around for credit by offering them a quote search facility.

One of the biggest customer concerns, however, is whether using such a facility will impact their credit score.

Smith said where a customer has access to a variety of funding sources, the dealer should compare each one and give the customer every option available.

"Make it clear to the customer that the process involves a traceable credit search on their history and that they have the opportunity to decline that should they wish," he said.

Tew said dealers should use online finance tools such as calculators and eligibility checkers that do not leave a footprint on their credit file that is visible to the lender.

"This is especially crucial in 2017, when customers often spend a long time with online finance, changing parameters such as deposit and repayment period, in order to arrive at a solution that meets their needs," he said.

Hill also believes dealers should move their quoting systems from the back office to reception for customers to check their credit score at the outset.

"They should put a couple of computer terminals in the foyer so that customers can check their credit to make sure they qualify," he said.



**IT IS ESSENTIAL THAT ALL PROMOTIONAL MATERIAL IS CLEAR, TRANSPARENT AND USES LANGUAGE THAT IS EASY TO UNDERSTAND**

**PAUL KAYE,  
CLOSE BROTHERS  
MOTOR FINANCE**

**6**

## Be clear on social media

The FCA says all communications on social media must be fair, clear and not misleading.

Firms also need to consider if it is appropriate to use character-limited media, such as Twitter, for promoting the complex features of financial products or services. Instead, the FCA suggests signposted with a link to more comprehensive information or use image advertising to promote the company more generally.

**7**

## Provide clear information before the customer signs

The FCA stipulates that consumer credit providers need to ensure they give customers the right information to make an informed choice.

Smith said the dealer needs to present the customer with all of the finance options available on the screen, go through it with them and give them the chance to go away and study it.

"They also need to give any advance information in terms of initial disclosures that have to be talked through, such as access to the finance, the existence of commission (see below), who they represent and any other likely fees or charges," he said.

Adrian Dally, head of motor finance at the FLA, said dealers can also take obtain qualifications such as Specialist Automotive Finance (SAF) and SAF Advanced.

"It is a standard which gives a customer the confidence to know that they are talking with someone who is fully trained and competent in explaining and selling car finance," he said.

**8**

## Disclose commissions/fees earned before the customer signs

Under FCA rules, a dealer is required to disclose any commissions earned only before a customer signs a credit agreement.

If the customer asks, or the existence of a commission or fee received by the dealer could impact the customer's decision, or the dealer's impartiality, then the dealer must also disclose these to them.

Kaye said disclosure should be done in a clear and transparent manner, and well in advance of entering into an agreement.

"We feel that the level of commission payment is proportionate and fair for the work carried out by the dealer on our behalf, and would not influence a decision to use us over another lender," he said.

"Dealers should ask themselves if this is the case in all financial transactions with all lending partners."

Hill added that dealers also need to be upfront about any additional fees outside of the APR, including arrangement fees and option-to-purchase fees.

