



Objections Show Interest

An aggressive F&I manager knows the best response to a customer's objection is "Alright, I've got a live one!"

By Ron Martin



Webster's says an objection is "a cause for objecting; reason for opposing, disapproving, or disliking." It calls an obstacle "anything that gets in the way or hinders, impedes, or obstructs." An obstacle stands in the way of the customer making a decision. An objection simply is a reason they chose not to accept your offer. Understanding the difference paves the way to getting the customer to make the decision you want them to.

Examples of obstacles are:

- "I'm not interested."
- "I can't make a decision without my husband or wife."
- "I'm too old for the insurance."

You could debate whether the first two are actually obstacles (and I'm sure some of you are wanting to), but the third truly stands in the way of the customer making a decision. It impedes, hinders, or obstructs a customer from realizing your offer.

An objection should be handled as a customer simply requesting more information. “The price is too high” is the customer really saying, “Give me more evidence that it is worth my money.” Anytime you get an objection first realize “you’ve got a live one,” then turn it into a request for more information.

Make sure the evidence you give them is relevant to your offer. For example, buying life insurance has absolutely no relationship to whether not drinking coffee will allow them to afford it. Or for that matter, pumping full-service gas or self-service gas won’t help them understand why they need a service contract. The reason you are giving them for going ahead with the purchase should be directly related to the offer itself.

Objections usually follow, or should follow, asking the customer to make a decision. We commonly call this asking a closing question. “Mr. or Mrs. Doyle, would you like to pay cash or include it in your monthly payment?” “Mr. or Mrs. Doyle, do you prefer option A or option B?” Of course, I’d much rather they chose one or the other, but if I’m given an objection that I’m prepared to handle, “Alright, I’ve got a live one!” becomes much easier.

The principle for handling an objection is the same no matter what product they are objecting to. First, isolate that it is the main reason that they chose not to buy, instead of just a way to keep you from selling them. “The price is too high”, might really mean, “I bought one before and it didn’t cover anything,” but you won’t know that unless you explore it. A response is to ask, “In addition to price, is there any other reason why you wouldn’t go ahead with it?”

MY FAVORITE OBJECTIONS

Every now and then I hear an objection that is not quite like one I’ve ever heard before, but for the most part, the reason people don’t go ahead with the purchase relatively stays the same.

Here are some of the ones I like the best.

OBJECTIONS TO SERVICE CONTRACTS

Mr. and Mrs. Doyle: “I don’t think we need the service contract since we are leasing the automobile and it is only a three-year lease, which is what the manufacturer’s warranty is.”

F&I Manager: Your choosing to lease is a great choice. It gives you options.

- You can turn the vehicle in at lease end
- You can choose to keep the vehicle and buy it for a guaranteed residual value, or
- You might also trade it in or sell it, if it makes sense to do so.

That’s exactly the same reason you should consider buying an extended service contract. This decision will give you options as well.

- You might decide to keep the vehicle and you will have the remainder of the service contract available to you
- You could also, transfer the coverage to another party, if it was favorable, making the vehicle more marketable. It would be easier to sell and bring you a better price, wouldn’t it?
- Of course, you could always cancel the service contract and receive a refund back on the unearned portion.

our estimate, we can see how many hours you would have to have your vehicle in for service, when covered by the service contract, to break even. (\$1500/\$225 = 6.67 hours). Any repairs over that and you come out a winner.

You can purchase the service contract one of two ways. You can pay cash, if you choose, or the bank will allow you to include it in your monthly payment, whichever makes the best sense to you? [Wait for a response.]

Mr. and Mrs. Doyle: “My brother is a mechanic and will repair my vehicle if it breaks down.”

F&I Manager: I wish your brother were here to advise you on the best way to go. The reason I say that is many of our customers who are mechanics take advantage of our plan. They, more than anyone, know that even though cars are built better today than in the past, they still

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This is why I say taking advantage of the service contract is a good choice, just as leasing your automobile was. Mr. and Mrs. Doyle, you can pay for this in two ways. You can pay cash for it if you choose or we can add it to your loan, which increases your payment \$25 plus interest charges; whichever makes the best sense to you? [Listen for a response.]

Mr. and Mrs. Doyle: “It might be a good value, if the price wasn’t so high.”

F&I Manager: I understand why you would hesitate going ahead with it. I would too, if I thought the price was too high! Let’s evaluate how long it will take for you to get your money back if you go ahead with it. The price today for one hour of labor is \$75, since parts will typically cost two times labor (\$150), the cost of one hour of repairs would be \$225, wouldn’t it? If we take the purchase price and divide it by the hourly rate, based on

break down. When they do, the cost of repairs is much higher, and many times it takes a specialized mechanic on that particular make and model to do the repairs. We even send out vehicles, here in our service department, if it is a make that our mechanics aren’t specialized in or don’t have the proper equipment to repair.

Do you have your brother’s phone number so we can call for some advice? We could ask him if he would buy the plan, and I can also see if he is authorized to work on the vehicle and be paid by the plan to do so. [If they agree to call, the brother will likely advise them to go ahead with it. It will keep him from having to do the work for free at the most inopportune time.]

OBJECTIONS TO GUARANTEED AUTO PROTECTION (GAP)

Mr. and Mrs. Doyle: “We won’t need that.”

Finance Manager: I hope not, but since

you, like many of our customers, are financing 100 percent of the price of the vehicle, in the event you have a total loss, or if your vehicle is stolen and unrecovered,



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there is very likely to be a GAP in coverage.

Have you ever leased an automobile before? If you had, there mostly likely was GAP protection built into the lease. The lease company does this for two reasons: First they are the owner of the vehicle, and second, they realize in the event of a

total loss or stolen vehicle there most likely will be a deficiency. [Show them a typical illustration.]

Would you rather pay just \$7.00 per

month or have to make up that deficiency in the event this happens to you?

Mr. and Mrs. Doyle: "My insurance company pays 100 percent."

F&I Manager: You're right [don't disagree with them, it will turn them away from your offer], your insurance com-

pany will pay 100 percent of fair market value at the time of loss. [Show them a typical illustration.]

Your insurance company would have to add an addendum to your policy to cover the deficiency. What we can do, that they can't, is add it right to your loan agreement. You can pay cash for it or just add \$7.00 per month to your payment, whichever makes the best sense to you? [Listen for a response.]

OBJECTIONS TO CREDIT INSURANCE

Mr. and Mrs. Doyle: "That makes our payment too high."

F&I Manager: I understand you have a budget to stay within; I have one too. Can I ask you a couple of questions?

The life insurance portion of the benefit costs \$10 per month. Do you think it would be easier for you to afford that, or your wife to have to pay off this loan in the event of your death?

The disability portion of the benefit is \$18 per month. Would it be easier for you

to afford \$18 per month while you're working or \$350 if you're not?

Regardless of whether you buy both benefits or just one, you first must qualify. Would you like to see if you qualify? [(Have them read the health question, if they will. After they read it, assume the sale.)] Great! Can we go ahead and print your policy?

Mr. and Mrs. Doyle: "I can buy insurance somewhere else cheaper."

F&I Manager: I don't know if you can or not, that will depend on age, sex, and health history. With other forms of insurance, you typically have to submit to a urine test, blood test, and possibly a physical. Depending on the outcome of those, and your age and sex they will propose a price.

Credit insurance is a state regulated product that everyone pays the same rate for and the qualification is also the same for everyone. Some do pay more for credit insurance, and others don't, but one thing is for sure: You can never

buy it any more conveniently.

All you have to do is read a health question, and if you qualify, sign for immediate coverage. Would you like to take a look, and see if you qualify?

DO OBJECTIONS REALLY SHOW INTEREST?

I often ask the question to group of finance managers: "Who is excellent at selling service contracts?" I'll get a couple of confident F&I people who will raise their hand. I further ask them, "Of the people who purchase service contracts, what percentage of them originally objected, and did you have to persuade them to go ahead with it?" The response is always 50 percent or higher. In other words, more than half of customers had interest in the product, but had to be convinced to realize the cost vs. benefit.

I'll take another product like credit insurance and ask them the same question. I usually get a smile or a number consid-

erably less than 50 percent. Those customers are still interested, but the F&I manager doesn't see their objections as interests; he or she sees them as obstacles or conditions that they won't go ahead with the purchase.

Selling is as much attitude, as anything. That's why the best sales people, no matter what the product, get a level of enthusiasm for it that is necessary to persuade the customer no matter what the objection is. Then when a customer objects to their offer, they can look them in the eye and instead of thinking "This customer isn't interested," they think: "Alright! I've got a live one!" ■

Editor's note: Ron Martin's company, *The Vision of F&I*, conveys his vision through seminars and consulting to dealers around the country. To learn more or to order Ron's book, *The Vision of Finance and Insurance: A Training Narrative*, contact *The Vision of F&I, Inc.*, at (219) 637-2796 or visit www.thevisionoffandi.com.