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# ONLINE RETAIL

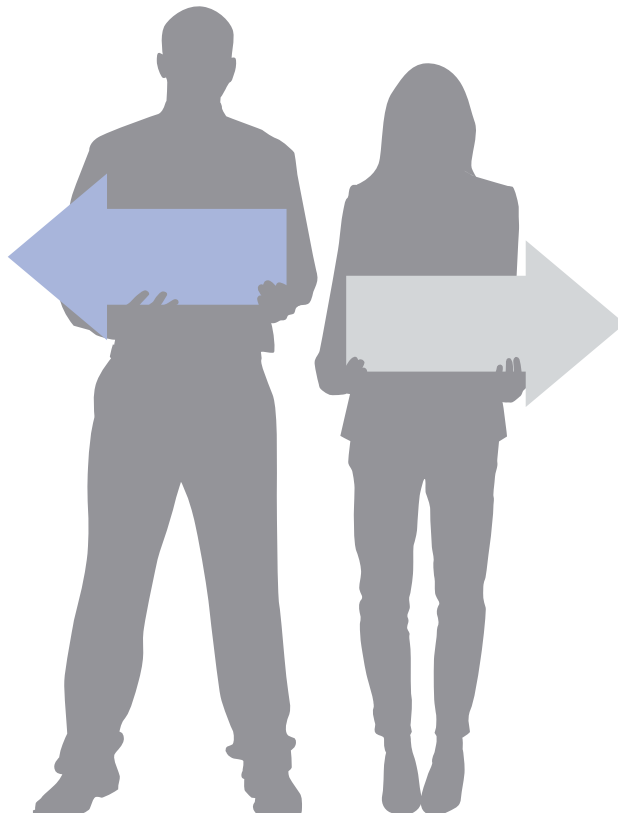
FINANCE & INSURANCE  
STUDY



# ABOUT THIS STUDY

In an effort to better understand the consumer mindset when it comes to F&I and uncover revenue opportunities for dealers, MakeMyDeal commissioned a survey of 500 consumers who either recently purchased or were actively shopping for a car. The purpose of the study was to:

- Understand consumer feelings toward F&I products and services and their current process of learning about and purchasing them
- Measure current consumer awareness and knowledge of F&I products and services
- Determine if consumers already know what F&I products they want to purchase or if they depend upon the dealer for education and encouragement
- Evaluate the potential impact on F&I product sales if the education and sales process is brought online



## CONSUMERS WANT TO LEARN MORE ABOUT F&I PRODUCTS

Negotiating and applying for credit are two aspects of the car-buying experience that are particular sources of anxiety for consumers. Despite their general anxiety and reluctance around F&I, **72% of shoppers indicated that they are still interested in learning more about F&I products and services.** At the root of this desire is the strong sentiment that these products have real value and are beneficial. In fact, 84% felt like F&I products may have real value, and 54% agreed that while these products may have benefits, they would prefer to just sign and leave.

84%

Believe F&I products have real value

72%

Interested in learning more about F&I products

54%

Prefer to just sign and leave

1

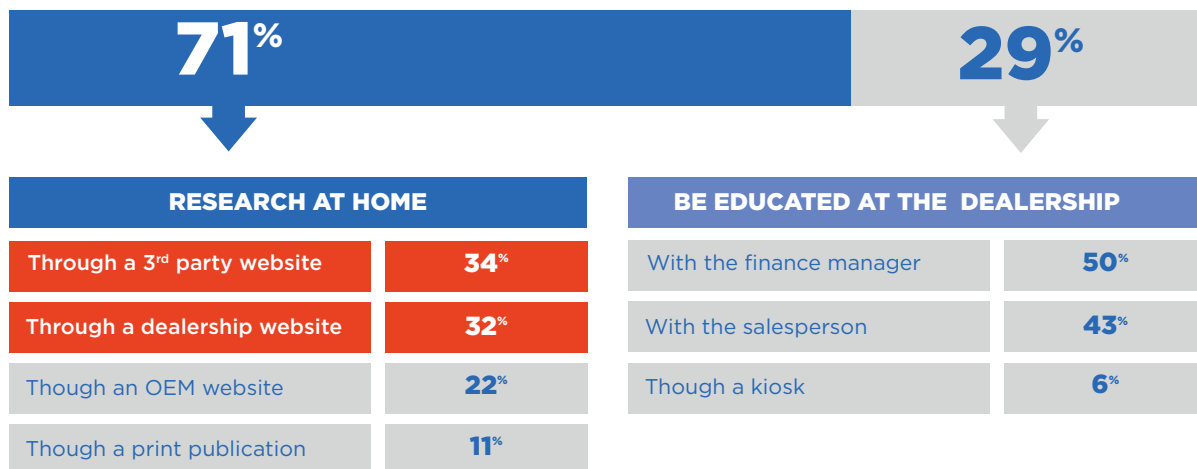
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# CONSUMERS WANT TO LEARN ABOUT F&I PRODUCTS ON THEIR OWN – NOT AT THE DEALERSHIP

According to the study, the majority of consumers prefer to first learn about F&I products on their own: **71% of participants said they would prefer to do F&I research at home** compared to 29% who said they would prefer to learn about F&I products at the dealership. Of the majority who said they prefer to learn at home, most would look online to third-party or dealership websites for information. The ability to conduct online research about F&I products prior to purchase is key to shoppers' understanding of specific product features and benefits as well as their distinctive value.

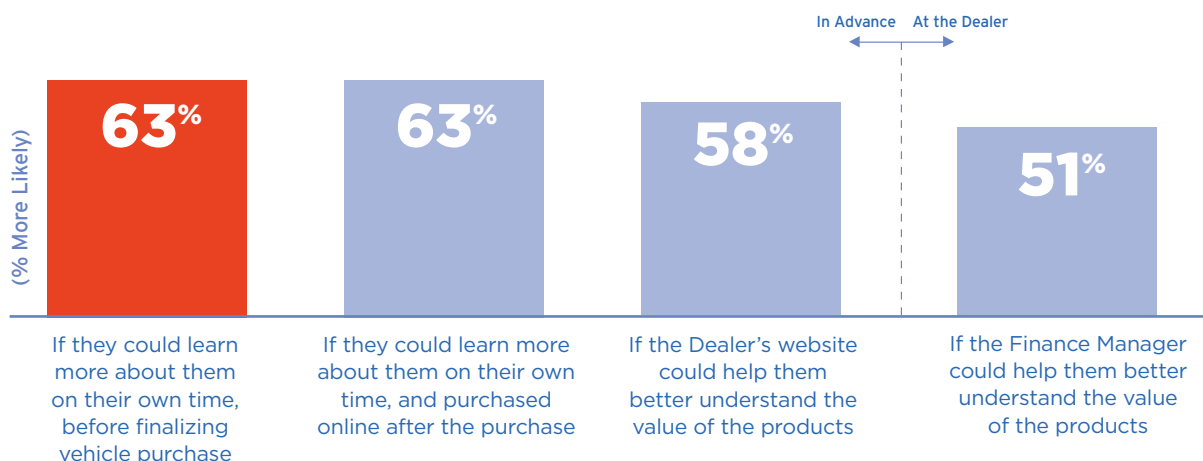
## How Consumers Prefer to FIRST Learn About F&I Products



## DOING THEIR OWN F&I RESEARCH MAKES CONSUMERS MORE LIKELY TO BUY

Study participants indicated that they are more likely to purchase F&I products if they could research them on their own time and preferably online. In fact, **63% of participants said they would be more likely to purchase F&I products if they had the option to learn about them before finalizing their vehicle purchase.** Furthermore, 58% they were more likely to buy if the dealer's website helped them better understand the value of these products.

## Increased Likelihood to Purchase F&I Products



# IMPLICATIONS

Consumers feel vulnerable about F&I products and commonly have the perception that F&I products and services are often just a way for the dealership to make money through inessential add-ons to the vehicle purchase. Nevertheless, **most car shoppers realize that F&I products may provide real value and therefore they want to learn more about them.**

Dealers today are facing continually compressed margins, and F&I represents an important revenue generator for the dealership as well as an area of the sales process where they still maintain the most control. However, the study found that **consumers are significantly more likely to purchase F&I when they learn about them earlier in the process.** Furthermore, many consumers – even those who claim to be familiar with F&I products – cannot correctly define them. Therefore, education is key. While this education currently occurs most often at the dealership, consumers would prefer to learn about F&I products on their own before visiting the dealer.

**Consumers want to learn about F&I products on their own, primarily through online resources.** They are more open to learning about F&I products from the dealership after they understand what they are. Once the consumer is at the dealership, F&I managers and/or sales personnel should be sensitive to shopper feelings of vulnerability and skepticism.

Since consumers are more likely to buy F&I products and services when they learn about them earlier in the car-buying process, **dealerships should consider providing opportunities for shoppers to learn about and even purchase F&I products online.** In addition, providing in-store customers with an explanatory list of F&I products could help drive sales to consumers who may be less receptive to making additional purchases during the sometimes stressful final phases of the car-buying process.



Learn More at  
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## METHODOLOGY

For this study, a quantitative online consumer survey was conducted from September 14 to September 29, 2014. In order to qualify for participation in the study, respondents were required either to have purchased a vehicle from a dealer within the previous six months, or to have been in the market to purchase a vehicle from a dealer within the next six months. A total of 500 surveys were completed, 279 of which were car buyers and 221 were shoppers.

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