

# F&I for an eCommerce Future



**Is your F&I office capable of  
supporting automated eCommerce?**

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## Consumers want it, technology enables it

Consumers have grown accustomed to the transparency, speed, and convenience of buying online. Research shows that 76% of today's car buyers are open to purchasing completely online<sup>1</sup>, and 1 in 4 consumers say they prefer an Amazon-like car shopping experience where they would not need to set foot at a dealership store. Although not all those buyers will purchase completely online today, they clearly desire the opportunity to complete more of the purchasing steps using digital channels.

Nathan Fox, AVP of operations for Cox Automotive merchandising software says, "With nearly half of car buyers only visiting one dealership<sup>2</sup>, it is clear that many shoppers select the vehicle to purchase before ever visiting a showroom. Dealers must evolve their digital tools and presence to build trust, create transparency and provide information if they want to win these digital decisions."

Transformation towards a multi-channel sales strategy that is inclusive of an eCommerce channel requires not only advanced digital technology solutions, but also refocusing current F&I processes and redesigning the compensation structure to incentivize dealership staff. The good news is that 78% of franchise dealers are willing to change dealership processes to meet consumer expectations.<sup>3</sup>

The F&I process is often characterized as complex, manual, and difficult to manage by retailers and opaque for consumers. Through advanced automation and artificial intelligence (AI), technology has the power to address these pain points by increasing consumer transparency and personalization while improving retailer profitability.

## Creating F&I efficiencies with advanced technology

Most of us are using AI in everyday life without even thinking about it – whether it be asking Siri about last night's game or having Alexa play our favorite soundtrack.

So how do automation and AI create efficiencies in the F&I process? It all starts with training machine learning models

datasets that retailers already have, including deal records and consumer data. These models can then be used to predict interest rates that have a high likelihood of consumer acceptance while maximizing dealer profitability and deal liquidity. Artificial intelligence models can also determine the right aftermarket products to present to consumers based on vehicle details, deal structure and geo-specific data.

This advanced technology removes common F&I challenges which can consume 2.37 hours per deal<sup>4</sup>, including credit app submissions, final lender selection, increasing aftermarket product attachment and profitability, which in turn frees up F&I managers to focus on complex deals.

## Preparing the F&I office

As my colleague, lender solutions strategist Andy Mayers says, "To perfect the funding package – all consumer, retailer, and lender processes and paths need to be frictionless." But technology alone will not transform an F&I office to deliver a better consumer experience. While it helps with creating consistent processes across in-person and online approaches, the people side of the equation is equally important.

Today's dealership staff is accustomed to actively selling F&I products in person. Yet as retailers make the shift to more sales and engagements online, they must prepare to leverage automation and allow the technology to speed up the aftermarket sales process, boost sales, and increase profitability for overall transactions. There are three key things retailers will want to consider adjusting to prepare for the next phase of online retailing:

1. Train existing staff members to take on a more advisory, concierge-type role and make sure they have staff that are consumer-focused and technologically savvy/digitally fluent to fulfill eCommerce transactions (deal agents) and those who can oversee and manage the complex deals that may still require some human interaction (F&I manager).
2. With artificial intelligence doing more of the heavy lifting, F&I managers should turn their focus to fine tuning the parameters

used by these models to maximize total profit dollars, as opposed to focusing on each and every deal individually.

3. Revisit their compensation structure to balance the high-touch, in-store interaction versus low-touch, high-volume digitally enabled interaction. In addition, they will need to encourage collaboration between in-store and online teams across transactions based on the mix of the interaction types.

## Leading into the future

Advanced technologies associated with eCommerce will revolutionize financing, transactions, and aftermarket sales within the automotive industry. Transforming F&I will not be completed in a vacuum. Shifting to a fully online eCommerce channel takes time and requires a strong vision backed by retailer leadership. The changes required can be difficult, especially when a team has been selling cars the same way for decades. Retailers will need to revisit both strategy and operations, which may include updating processes the operations team has hardened for years. These operational changes coupled with other updated policies, real-time inventory management and merchandising practices are all part of the equation when making a shift to eCommerce.

## Choosing the right technology partner

Scaling your business with solutions designed to meet the demands of the marketplace, now and into the future, can be easy when you choose the right partner. Whether you're looking for an F&I platform (Dealertrack), real-time inventory and merchandising management (vAuto) or a trusted trade-in valuation tool (Kelley Blue Book Instant Cash Offer), Cox Automotive has these solutions and more in place today to prepare you for where the market will be tomorrow. As individual consumer preference for digital interactions and transactions evolves, you'll be equipped to meet every single one of them on their unique paths to purchase with our advanced suite of solutions.

Explore more eCommerce transformation topics at [coxautoinc.com/transform](https://coxautoinc.com/transform).

Sources: <sup>1,4</sup> Cox Automotive Digitization of End-to-End Retailing Study (2020) / <sup>2,3</sup> Cox Automotive Car Buyer Journey Study (2021)