

# Transforming F&I for Automotive eCommerce



## CONSUMERS WANT IT, TECHNOLOGY ENABLES IT

Consumer preferences are driving automotive retailing to offer a fully online eCommerce experience. Consumers have grown accustomed to the transparency, speed, and convenience of buying online and research shows that 76% of today's car buyers are open to buying completely online.<sup>1</sup> Although not all those buyers will purchase completely online today, they most definitely want to be able to do more of the purchasing steps online. The good news is that 78% of franchise dealers are willing to change dealership processes to meet consumer expectations.<sup>2</sup>



The F&I process is often characterized as complex, manual, and difficult to manage by retailers and cumbersome for consumers. Through advanced automation and artificial intelligence (AI), technology has the power to mitigate these inefficiencies and improve retailer profitability while also delivering a trustworthy and highly satisfactory online car buying experience for consumers.

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.

## 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 retailers using critical data sets from historical deal details, advanced AI data, and consumer information.

Then AI modules are used to predict rates, optimize retailer profitability, and offer aftermarket products for each customer based on vehicle details and the buyer's likelihood of making the purchase. This advanced technology removes common F&I challenges which can consume 2.37 hours per deal, including re-keying, selling more aftermarket products, and managing consumer frustrations. With more tedious tasks handled by AI, the F&I manager gains more time to work with consumers in-store on more complex deals.

## PREPARING THE F&I OFFICE

Technology alone will not transform an F&I office to deliver a multi-channel sales strategy and 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. Therefore, creating a highly functioning F&I office requires adapting talent across the entire sales process along with a supporting compensation structure.

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 online transactions. Retailers will likely need to 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).

Retailers will need to 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.

## ACHIEVING RESULTS

Retailers that have started to digitize some of their financing processes are seeing results. For example, aftermarket products and services are prescribed to each respective shopper, earning the retailer an average of \$2,000 for each vehicle service contract (VSC) or additional F&I product sold.<sup>3</sup> Additionally, consumers that transacted their deal online saved 60 minutes versus those that came into the dealership – resulting in a 10% boost in CSI scores.<sup>4</sup>

## LEADING INTO THE FUTURE

Advanced technologies associated with eCommerce will revolutionize financing, transactions, and aftermarket sales. 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 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 their corporate values, business model, operating model, and value proposition.

## 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), inventory and merchandising management (vAuto) or a trusted trade-in valuation tool (Kelley Blue Book Instant Cash Offer), Cox Automotive has the solutions 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.

<sup>1,2</sup> Cox Automotive Digitization of End-to-End Retailing Study (2020)

<sup>3</sup> Colonade Advisors, F&I Products Quarterly Update: 2021 Fourth Quarter

<sup>4</sup> Cox Automotive Car Buyer Journey Study (2021)