

Your Approach to Omnichannel Digital Retailing Can Increase Your PVR & Net Profitability

New Data Report:
F&I's Role in Digital Retailing



The Role of the F&I Sale in Digital Retailing After COVID-19

In March 2020, the onset of the COVID-19 pandemic rapidly accelerated the need for dealerships to adopt a digital retail approach that includes F&I. Amidst nationwide shelter-in-place or social distancing mandates, dealers quickly pivoted to expand digital experiences and adapted their operations to continue selling and meeting customer needs in an online setting. Some of the changes that were implemented have become permanent while others were always intended to be more temporary, **leaving many dealers with the challenge of having to decide which digital retailing tactics will be most impactful for their businesses moving forward.** But in many cases, the data on digital retailing across the industry, especially around F&I products, is still in its infancy, so it can be difficult to determine the right approach for your dealership.



To meet the increased demand for online car shopping, 80% to 90% of U.S. car dealers will fully adopt e-commerce capabilities by the end of 2020.ⁱ

ⁱKPMG, "Anticipating the green flag: Accelerating a COVID-19 exit for auto dealers.," <https://advisory.kpmg.us/articles/2020/anticipating-the-green-flag.html>

At Assurant, we've been heads down over the last several months evaluating a wide array of data sets to help guide this process. Knowing that dealers across the country will be analyzing their markets and measuring the impact of different digital tactics, we are preparing our teams to help with every aspect of the process. **One of our major initiatives has been conducting in-depth customer research to better understand consumer needs, digital vehicle purchase journeys and how dealers can improve the car buyer's experience while keeping the F&I sale top of mind.** Through this research, we're building:

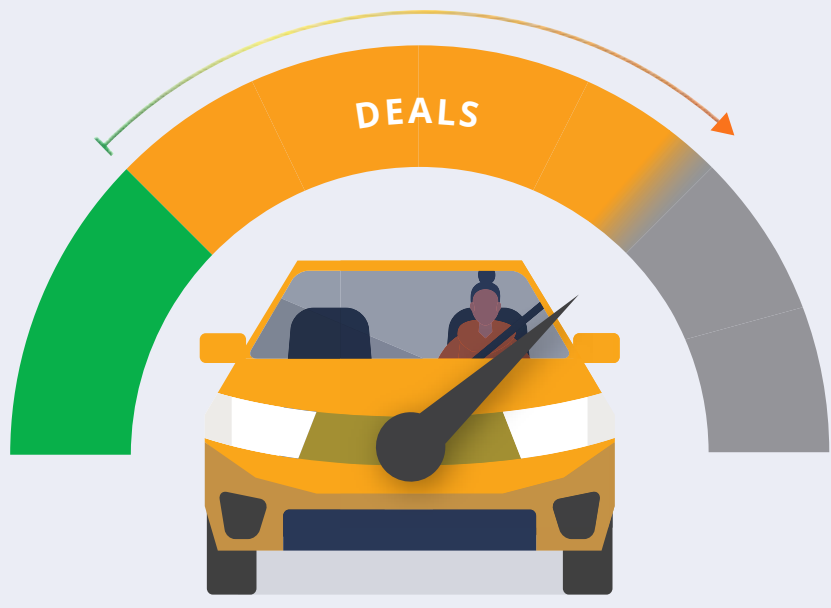
- ✔ Data around customer needs, interactions with digital F&I marketing materials and how dealers can leverage those insights to close the sale
- ✔ Digital marketing collateral that is based on research-driven awareness of customer needs to help consumers better understand the value of F&I products in online formats
- ✔ An unbiased, platform-agnostic look at digital retailing providers on the market currently and the buying scenarios supported by those platforms
- ✔ Best practices for communicating with vehicle shoppers through digital channels, including online chat, text, video conference, email, and your website
- ✔ Content that can be leveraged for everything from developing F&I product pages on your website to launching an email campaign, plus research that helps dealers plan for how to use that content to move customers from consideration to purchase

This eBook provides a brief preview of the research we've uncovered so far. As you read through this summary, keep in mind that Assurant is an unbiased, platform-agnostic F&I provider. We recognize that different dealers have different needs based on their regions, rooftop sizes and other factors. **Rather than recommending a specific approach, our team is committed to working with you to understand your customers, business strategy and selling needs so we can help you optimize F&I sales whether they happen in-person, online or through a hybrid experience.** We bring to the table in-depth industry research and a proven track record for driving F&I attachment rates, and we use that to help you enhance your digital retailing approach to maximize performance based on your dealership's business model and where you are in the digital transformation journey.



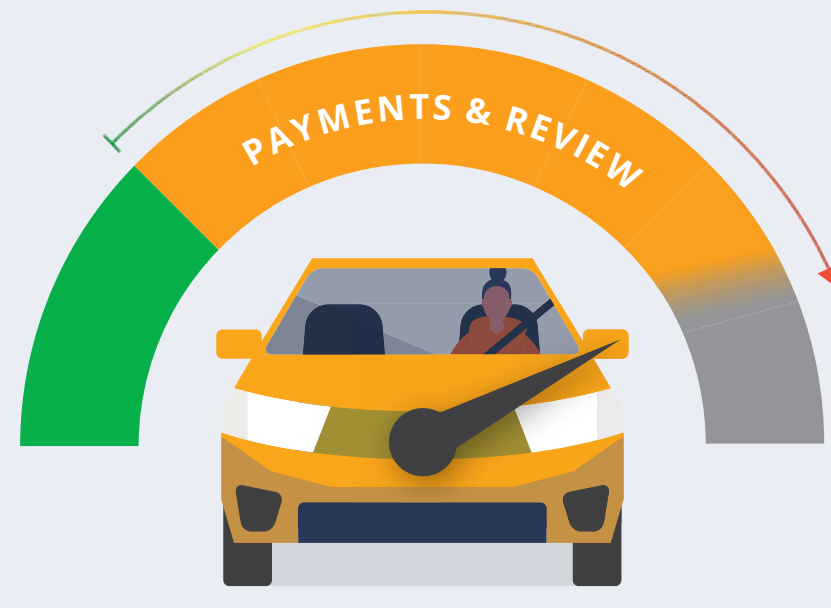
Consumer Mindsets Around Digital Retailing

While the immediate pressure that was applied by the onset of COVID-19 has abated, customer expectations around digital retailing have not. Car shoppers still want, and in many cases expect, to be able to complete some or all the car buying process online.



80%

of customers would like to get information about the deal digitally



94%

of customers would like to configure payment calculations & review documents digitally



54%

of customers would like to structure their deal digitally

We identified four customer mindsets that come into play during the digital F&I process. Our team looked at the needs of each mindset to better understand what information or support can be offered at key touchpoints along the purchase path, identify mindsets to look for and what tools to use to help close the sale. The table below offers a peek at some of the findings we discovered.

	Bold	Expressive	Statistical	Tentative
Purchase Step	Shopping	Research	F&I presentation	Post sale
Consumer Need	Value efficiency and control, impatient and task-driven.	Important to trust a salesperson and establish common ground.	Want to compare F&I options and view product details side by side.	Need time to think over options. Open to reconsidering products turned down previously if there is a logical benefit presented.
Dealer Solution	Offering off-site test drive will provide a sense of control and efficiency.	Be patient and personal. Take time to use personal assurances and share experiences to relate to the customer and make them feel comfortable.	Stick to specifics. Set up the menu to enable cost and feature comparisons.	Customize communications. Include plain language explanations on products previously considered (but not purchased) and the benefits they provide
Tools Provided by Assurant	Off-site Test Drive Best Practices	Sample Script: F&I Solutions Stories	F&I Fast Facts	Email Template: Follow-up with Non-Buyers

Using these mindsets to tailor the purchase path to your customer can be a daunting task. The next two sections of this guide give short overviews of technology and digital collateral in the F&I sales process that can aid your evaluation of digital retailing at your dealerships.

Virtual F&I Selling: Maximizing the Impact of Digital Tools and Technology

Ideally, online and in-person interactions—no matter how they're arranged—are one smooth omnichannel experience that is efficient and personalized for buyers. As you work through the process of building that experience, Assurant can provide an in-depth look at the customer journey across the following key stages: customer research and discovery, shopping, transitioning to the F&I sale, assessing your customers' needs, the F&I presentation and post-purchase opportunities. At each stage, our team can work with yours to integrate F&I into the technology that meets your business's needs while helping you combine the online and in-person experience in a way that meets the needs of your customers. And, once your experience is in place, we'll stay by your side, helping you optimize your approach to increase the PVR associated with each sale.



80% to 90% of consumers want more online options throughout the auto-buying process but still want the flexibility of completing steps in store.ⁱⁱ

ⁱⁱAssurant, 2019 auto survey

Potential Components of a Dealership's Digital Retailing Strategy:



Your website – While each dealership's business strategy and selling approach is different, your website can serve any of the following purposes:

- Showcase vehicle inventory online
- Provide financing options and outline payment structures
- Assess the trade-in value of used vehicles
- Collect customer data to make the sale easier when a buyer enters the dealership
- Provide F&I education and enable online product research
- Offer the full e-commerce experience, including enabling shoppers to purchase a vehicle and F&I products directly from the site
- Enable promotion to consumers through channels, such as online chat or email signup



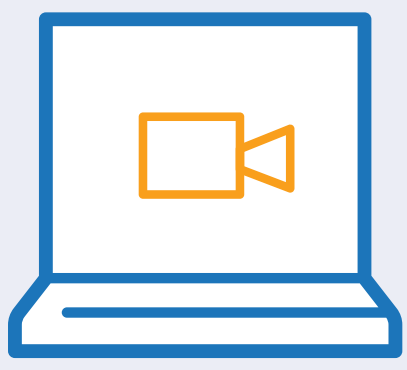
Online chat functionality – 77% of car buyers are interested in communicating with your team through online chat. This opens the door for your team to begin establishing a relationship where you provide valuable insight and expertise to the customer online. The trust you establish here will carry over into future interactions both online and in person.



Texting – When it comes to texting, 70% of car shoppers want to use this channel to communicate with dealer staff. This may seem like the channel with the lowest barrier to entry since your team is likely mobile-savvy, but texting in business creates a need for a mobile marketing strategy. It could be worth considering how to optimize your F&I strategy and marketing materials for mobile if this is a high-performance channel for you.



Emails – Direct communication with the appropriate dealership staff via email or chat was ranked as one of the top 5 online options customers want in a recent Assurant study. Like texting, email may sound less complicated than it is from the dealer perspective. When done correctly, a strong email program factors in a variety of customer-centric insights, such as: the best time of day to send an email to ensure that it's opened, easy-to-skim templates that your team can distribute quickly, the right design to render correctly on desktop or mobile devices, and more.



Video conferencing – Video conferencing, especially post-COVID, is becoming more important. 67% of consumers said they'd be open to talking to your dealership team using this channel, which provides a big opportunity for your team to continue face-to-face conversations in a new format, should a customer not feel comfortable visiting your dealership. And, like other digital channels, it creates a need to empower your staff with the right digital presentations, marketing collateral and technology training to provide a strong customer experience that successfully closes deals.



Digital retailing platforms – The market for auto-specific digital retailing platforms is advancing, with the customizable online platform quickly becoming a central focus of digital retailing conversations for many dealerships. Today, there are variety of platform providers on the market, each with different configurations, functionality, and integration components. Assurant has relationships with all the key providers and understands their capabilities and the F&I buying scenarios they enable. As a result, we're able to help dealers understand how our products are integrated into these platforms to achieve the best result in line with the dealers needs.

While the technology landscape around digital retailing can be complex, here's the good news: our data suggests that F&I attachment rates are higher when a customer can research products online before directly engaging with the dealership. An omnichannel experience that enables both self-guided and dealership-guided research is becoming more and more critical to success. With the support of Assurant's digital marketing assets, training programs and best practices you can ultimately build a successful experience specifically tailored to your strategy



Fueling F&I Sales with Digital Marketing Collateral

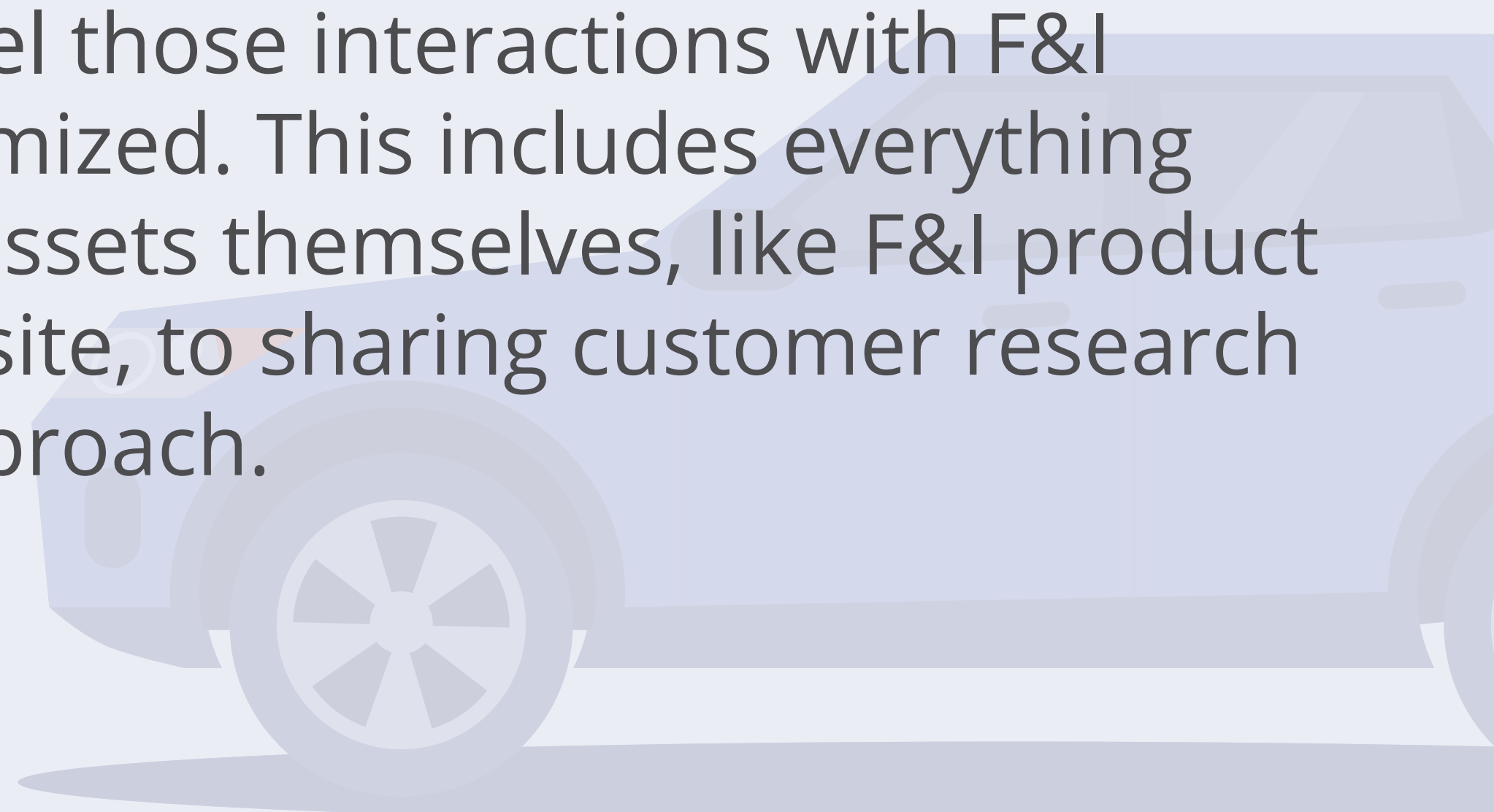
Because of the nature of online interactions, **it's crucial that the right content and engagement techniques be used at each step of the buying process.** If consumers are confused, overwhelmed with choices, or aren't being fed the information they want, it's easy for them to put off completing transactions or simply abandon them.

The best way to prevent this is to provide digital F&I content that addresses the different needs and pain points associated with each consumer mindset. The top pain points consumers want a service contract to solve, according to a recent Assurant study, are as follows:

1. Cover repair costs
2. Provide nationwide coverage
3. Offer roadside assistance when needed
4. Reimburse for rental car costs
5. Offer transferable coverage

As part of our Digital Retailing Toolkit, Assurant provides multi-media F&I marketing content, such as digital brochures and videos, that can be used by dealers to share valuable F&I product information with consumers in different channels and platforms. And, because we conducted research to understand how consumers are most willing to digest this information related to F&I products, our marketing collateral is tailored to engage your customers and generate awareness of product needs.

Depending on the technology your dealership leverages to engage consumers, our team can help you fuel those interactions with F&I marketing content that's digitally optimized. This includes everything from providing the actual marketing assets themselves, like F&I product page recommendations for your website, to sharing customer research and best practices that guide your approach.



63% of consumers say they are more likely to purchase an F&I product if they have the option of learning about it on their own time.

40% of consumers are interested in adding VSCs online. This is aligned with standard industry attach rates.

92% of buyers want to learn more about F&I products and review product details online in advance of making a purchase. ⁱⁱ

ⁱⁱAssurant, 2019 auto survey

Assurant Research Excerpt: Digital F&I Collateral

In a recent study, we set out to determine what type of content is most impactful when it comes to helping consumers understand the value of a service contract. To start, we asked different consumers to watch a short product video and evaluate the components of the video. Then, we asked them to provide feedback on a corresponding digital brochure. Here is some of the feedback we got:

- ✓ 75% of consumers said they'd consider purchasing and/or recommending a protection plan after seeing the video.
- ✓ 92% of consumers said the graphics used in our product videos made the products easier to understand.
- ✓ 94% wanted more detailed information on the protection plan highlighted in the video.
- ✓ When more information was shared in the form of a digital brochure, 85% of consumers thought the brochure was a valuable source of information.

As you think through how to market F&I in virtual settings, our team can share more research insights like above to help you determine the type of collateral you need as well as providing the actual collateral for your team to use. As we monitor consumer interactions with our digital collateral, we will continue to help you make research-backed decisions about the most valuable information to use in each consumer interaction.

Next Steps for Your Team

As you continue evaluating the most impactful ways to drive F&I performance across your digital retailing approach, here are three steps to take next:

- ✓ **Expertise:** Schedule time to discuss your digital retailing approach with an Assurant expert. Our team invented F&I more than 50 years ago and has led the industry ever since — and we're doing the research to make sure we continue leading throughout this process. We're working with dealers across the country to help them build a digital retail approach that drives PVR.
- ✓ **Training:** Evaluate and, if needed, adjust your approach to training your team on F&I as part of the virtual experience. Whether it's training on how to present the F&I menu or closing the sale virtually, make sure your team has all the tools and information needed to execute successfully.
- ✓ **Information:** Keep a pulse on new information that our team shares with the industry including the introduction of our interactive Digital Retailing Guide. Subscribe to our email list [here](#).

