

## Where Have All the Buy-Here, Pay-Here Customers Gone?

By Gene Daughtry, NCM Associates

OVERLAND PARK, Kan. — I ask a different question. Where did all the customers come from that are buying right now? Have all these customers been waiting for financing to come back to life? Did they all just hang on to the same car for five, six or even 10 years? I hope this year helped you realize that there have been many customers in your market who could have used your help, but they would never consider buying a car from you because of their perception of what you do.

Now comes a new challenge — special financing. Special finance isn't really a new challenge. I have been through at least three surges in special finance.

Customers wait because they want something "better," something different than they believe they can get from you. What is the special finance dealer offering that you are not? New vehicles with six-year loans or other vehicles you do not offer? Do they have longer warranties or lower interest rates? You should know. You need to know.

Since my start in the car business I have been involved in three unique BHPH operations.

One operation financed cars that had low ACVs and fit into what most people perceive a "note lot" looks like. From there, I moved to an established high-line operation that operated in a very nice facility. In the late 1990s we offered vehicles above the \$10,000 ACV range with long term service contracts, GAP and credit life. We had a profitable, full-service shop operation.

The third operation was a startup I handled eight years ago for a franchised dealer and using my own business model. My goal was to attract the special finance customers in that market. I wanted an operation that provided greater service and a better opportunity to our customers than the special finance dealers and their lenders could offer. I decided on a business model with an ACV in a \$6,000 to \$9,000 (average \$7,200) range with full recon, including new tires. My experience from the high-line operation confirmed offering a long-term, quality service contract while having side loans available for maintenance and other repairs would have a positive effect on our portfolio.

What do your customers want besides a great looking, brand new car that never

breaks down, burns gas or has payments? They want the closest thing they can get to that with no money down. Our program advertised flexible down payments. We worked with what the customer had available using a deferred down program. We had a set interest rate for all approved customers of 7.5 percent. We reported all loans to the credit bureau. All this and we had a very interesting mix of inventory the customers only saw on our lot. Our program, combined with friendly and helpful customer service (including collections), allowed us to generate above 75 percent repeat and referral business over the last eight-year period.

Ask yourself and others what you do (or don't do) that drives customers to the special finance dealer down the street. What are your prospects seeing or hearing that makes them stop at your competitors before coming to you? Is it a great website? Is it the inventory? Is it the way they are advertising? Or is it something your operation does or doesn't do that your customers talk about?

Does what you sell, the interest rate, lack of warranty or how you handle collections

stop customers in your market from even considering your operation when they need a vehicle? Why not start now to change that perception? Figure out what the customers in your market want from their car dealer, whatever that may be, and let folks know you can provide it.

Gene Daughtry is an executive conference moderator, trainer and consultant specializing in BHPH/LPH dealership operations for NCM Associates. Daughtry's 22-plus year retail automotive experience began in a franchise dealership working in sales. Through different operations he worked as a finance director, sales manager, assistant general manager, general manager, and handled a startup of a new BHPH operation. He can be reached at (800) 756-2620 or [gdaughtry@ncm20.com](mailto:gdaughtry@ncm20.com). To learn more about NCM Associates, visit [www.ncm20.com](http://www.ncm20.com).



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