

# How Cloud-Based F&I Menu Systems Boost Service Contract Penetration 33% & Dealer Profit Per Vehicle Sold (PVR) 27%

*More Competitive Dealers, More Satisfied Customers*



A Special Report from:



Dear Dealer Principal and F&I Staff,

Dealerships like yours are boosting service contract penetration 33% and PVR 27%, on average, by using cloud-based F&I menu software to achieve repeatable business practices on every transaction.

“We’re already seeing PVR increases of 30%, and that is huge money,” says Ralph Mahalak Jr., Dealer Principal, Monroe Dodge-Chrysler-Jeep-Ram, in Monroe, Michigan.

This menu software speeds up the deal, shaves time customers must spend in the F&I office -- and its simplicity makes even novice F&I managers more professional and successful.

This competitive edge is delivered through a centralized F&I platform that combines the many different generic applications most F&I managers use. Since it seamlessly pulls data from the DMS via certified integration, your staff will transact and complete business in seconds.

Dealers like Mahalak use this software from MaximTrak to create, produce and then deliver highly customer-centric menu presentations that help them sell more F&I products and boost vehicle margin.



Figure 1: Pilot dealer increase in PVR averaged \$210 across the board; \$302 on new car sales & \$203 on used car sales. This resulted in an average increase of well over \$450,000 per year of F&I profit for the majority of selling dealers in the pilot program.

F&I penetration and PVR results like theirs can be yours too. The details are discussed in this eBook, *How Cloud-Based F&I Electronic Menu Systems Boost Penetration 33% and PVR 27%*.

We trust the real-world facts presented in it will convince you that improved F&I profitability, efficiency and compliance can be yours too.

Sincerely,

Jim Maxim, Jr.  
President  
MaximTrak Technologies

## WITH THE RIGHT MENU, EVERYONE WINS!

The use of menu-driven F&I software is smart business. No other F&I product presentation process – whether impromptu or from a paper menu – will benefit the dealership so extensively.

A recent study by MaximTrak showed just how potent the right F&I presentation process can be.



**Figure 2: The right F&I presentation helps keep purchase excitement strong. A lengthy, confusing one frustrates customers and costs you gross.**

experience for customers and the dealership alike, notes F&I Manager Fred Barabani.

“By showing our F&I offerings to every customer every time, we should see an increase in CSI, penetration and PVR – and that’s what we experienced by using this electronic menu and e-contracting system,” he adds.

“In fact, we’re seeing increases in PVR and in total product penetration, and no customers are coming back complaining we neglected to explain or offer something to them,” Barabani says.

**Dealers in the study reported an average of 73% menu utilization, realizing on average \$892 PVR versus \$633 using no menu.**

Dealers in this study report new car vehicle service contract (VSC) penetration lifts of 32% and used car VSC lifts of 33%.

They also had new-car PVR and used-car PVR boosts of \$302 and \$203, respectively, using F&I menu software versus no menu process.<sup>1</sup>

**On average, the PVR lift for these dealers was 27%.**

Dealerships like Buckeye Chrysler-Jeep-Dodge-Ram, Shelby, Ohio, like that this software platform helps their F&I staff deliver a better

<sup>1</sup> Statistical Analysis, Data, MaximTrak pilot test, 2012.

## COMPLETE & COMPELLING PRESENTATIONS

Paper-based menu systems, while better than no menu system at all, still require too much time and guesswork to prepare. Furthermore, their use can require redundant data entry into multiple systems, creating opportunity for errors and increasing the time customers must spend in the finance office.

On the other hand, DMS-integrated, central platform F&I menu systems make menu creation straightforward and automatic.

This preparation efficiency gives the F&I manager more time to carefully consider every individual customer's situation, so the products' presentation will be more compelling and transparent to customers.

These systems provide managers with real-time insight for observing and managing for peak outcomes:

- F&I department practices
- Penetration by product
- PVR by sale
- Identify staff members doing a great job selling in all key categories
- Or, which staff members require additional training to improve results

Only software-based F&I menu systems can help F&I managers achieve repeatable business practices on every transaction.

By eliminating manual steps and standardizing the product presentation, this menu system streamlines process flow, speeds up the deal and makes more money for the dealership!



Figure 3: Customers flow through the finance office faster with greater satisfaction when F&I managers use electronic menu selling to prepare the right product presentation for every customer every time. Dealership PVR increases too.

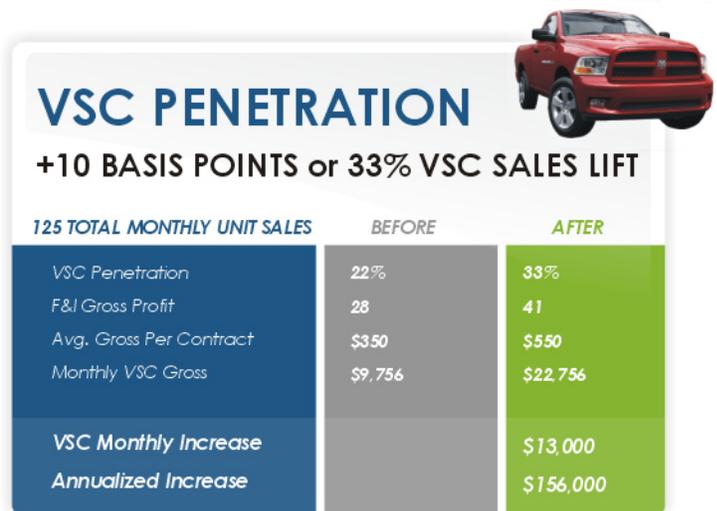


Figure 4: Vehicle service contract penetration using F&I menu software lifted penetration greater than 33% on average (~10 points in VSC penetration.)

“We have had other menu systems in here in the past, but we’re staying with this one,” says Barabani.

“This system is integrated directly with our OEM and also our DMS. It automatically checks and verifies that the product or products I’m about to offer a customer are correct for that customer and the type of deal, all which eliminate guesswork and missed calculations from the presentation,” Barabani adds.

Dealers in this study realized other benefits to their businesses when this type of menu is used:

- Builds confidence and trust in dealership processes, by offering a range of F&I products that use a transparent, consistent, and digital format versus less automated or paper menu styles.
- Contributes to improved customer satisfaction by using a faster, more transparent process.
- Keeps the dealership compliant with F&I trade practice regulations.

## A BETTER MENU SYSTEM

Dealers say the MaximTrak system offers them competitive advantages.

In fact, one of the test dealerships started with a PVR of \$850, and by using this software-based menu to improve F&I training and reporting is now at \$1,250 per unit.

Month	Av. Reserve Gross	Av. Product Gross	Total PVR
February	\$348	\$270	\$618
March	\$404	\$344	\$748
April	\$447	\$398	\$845
May	\$439	\$375	\$814
June	\$454	\$429	\$883
July	\$429	\$411	\$839

Now dealers and their OEMs are able to look at this performance data, in real time, to identify opportunities and capitalize on them almost immediately.

Such menu systems also:

- Help dealerships make professional F&I presentations, even by less skilled managers.

**Figure 5: Both average reserve gross and average product gross increased when test dealerships used a software-driven menu system versus no menu.**

- Build transparency and compliance into deals and help the dealership comply with regulatory actions governing how aftermarket product and services can be sold through the F&I office.
- Standardize the F&I product presentation. This means consistent presentations from customer to customer that reduce miscommunication and prevent damage to CSI.

- Improve F&I monitoring and measurement, providing manager with real-time information to improve F&I office performance, by staff and the product or products they sell.

“As we do a lot of leasing, this menu system gives us a clean and easy lease presentation that helps us laser beam on what we’re selling, therefore sales go up,” notes Monroe Chrysler’s Mahalak.

“We actually offer fewer products on the menu now, so more time is available to spend on what we sell best,” he adds, “and built-in reporting tools give us daily insight to what our finance managers are accomplishing for the week, month, and year to date, which helps with accountability.”

This sort of structured menu presentation also keeps customers happier.

“We’re shaving off minutes from every F&I presentation, and for customers who don’t want to be in the finance office in the first place, those 10 or 15 minutes are significant to the customer,” Barabani notes.

## COMPLIANCE, EVERY DEAL, EVERY TIME

Being compliant in F&I today means the dealership is offering 100% of its products, 100% of the time, to every customer.

Without this kind of auditing capability, when a customer has a claim and there is no paper trail, the responsibility falls on the dealership to provide proof that these products were indeed offered to the customer.

Furthermore, paper menu documents containing personal customer information present an opportunity for identity theft.

For reasons such as these, Ron Green, GM and VP for Safford Chrysler-Jeep-Dodge-Ram, Springfield, VA, says non-menu use is frightening.

“My main driver for bringing this menu system into our store is my belief in full disclosure, ensuring we performed a complete and legal presentation with every customer,” Green says.

The right compliance processes and checkpoints built into any F&I menu process should ensure not only compliance but also afford convenience for the F&I staff.



**Figure 6: Dealerships must protect their customers' personal data. F&I menu systems offering electronic document capture and archiving simplify deal paperwork and keep it away from prying eyes.**



With a solid process defined for submitting OFAC and Red Flag Verification as well as Risk-Based Pricing and Adverse Action Letter disclosures, a dealership can rest easy that they are compliant so they can focus on generating revenue.

The right electronic menu system does more than submit this paperwork for the F&I manager. The most advantageous systems also enable digital signature capture, and electronic document filing and storage.

## **SELL MORE, MAKE MORE**

Your dealership can increase its F&I sales penetration and boost PVR too. Use of transparent, repeatable business practices throughout the F&I process – as afforded by software-driven eMenu solutions -- is more professional, productive and profitable, as dealers in this study experience.

In fact, dealers using menu-driven F&I software from MaximTrak enjoy significant product penetration and PVR boosts. Dealerships in this study report back gross changes (over no menu use) of as much as \$707 per deal, with an average of \$210 per deal, on over 17,000 transactions.

In a market of shrinking margin opportunity, technology tools like cloud-based eMenu software help dealers boost aftermarket product penetration and PVR, improve customer satisfaction and keep F&I processes compliant to the law.

“Our per back-end gross on every car through our F&I office, since adopting this menu system, averages \$1,072 per vehicle,” says Safford Chrysler GM Green. “Since we’ve been using the MaximTrak software to guarantee compliance in our F&I processes, our warranty penetration, GAP and prepaid maintenance product sales have all gone up as a result.”

For information call 1.800.282.6308 or visit [www.maximtrak.com](http://www.maximtrak.com)



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