

Getting online motor finance right 'is crucial to profitability' in 2019

Getting their online motor finance offering right will be crucial to the profitability of many used car dealers in 2019, says iVendi

With trade prices so high that making a worthwhile margin is increasingly difficult, dealers are relying more and more on motor finance to make a profit.

James Tew, iVendi's CEO, said: "We are seeing a convergence of two trends. One is that more customers are completing some or all of their used car purchase online, including motor finance. The other is that motor finance is becoming more and more important to dealers, who are faced with a market where trade and retail prices have moved ever closer.

"What this means is that dealers increasingly need to look to online motor finance and make sure that they are offering something appropriate to their customer base – but this remains an area where the quality of what dealers offer varies widely."

Tew said even the smallest independent dealer should be offering some form of finance calculator, while larger businesses should have comprehensive processes that enable customers to look at different products from a range of lenders, to check their eligibility, to make their application and to complete documentation online.

"It is an obvious statement, but the dealers who put the most effort

into online motor finance are the ones who get the best results.

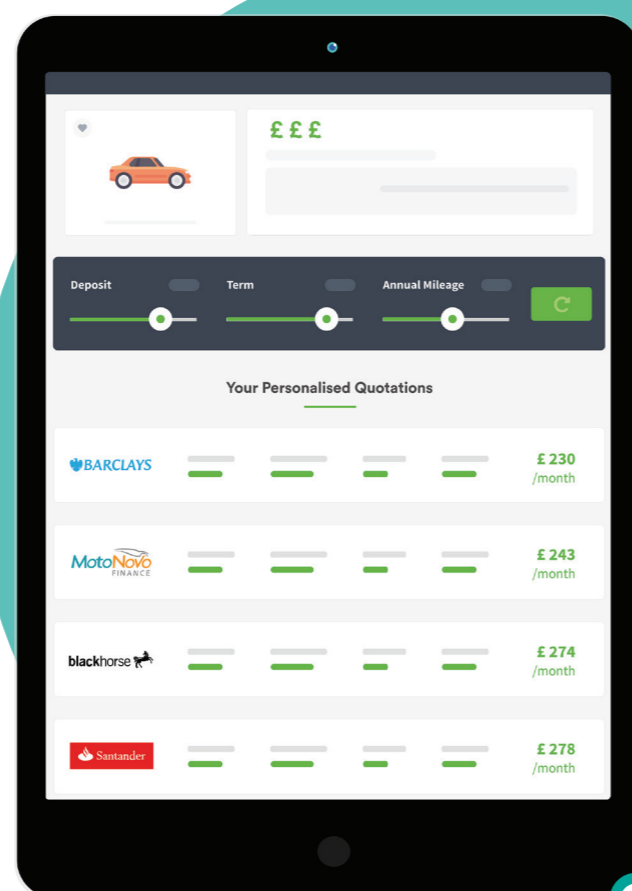
"What we find time and again is that there is a large group of used car buyers – around four out of five, according to our research – who are confident about the prospect of using online motor finance. However, the majority of those consumers believe that the motor industry lags behind others when it comes to online.

"It's like the old Kevin Costner film, *Field of Dreams*. 'If you build it, they will come.' Dealers who invest time, effort and money into online motor finance sell more cars online and more motor finance. Customers are primed and ready – it is dealers who are lagging behind them.

"However, in 2019, we may be reaching a point where dealers will no longer be able to afford to ignore the opportunities that online motor finance offers if they want to continue to make a decent level of profit."

THE ONLINE MOTOR FINANCE TOOLS YOU NEED

What are the products you need if you want to maximise your online motor finance offering in 2019? Here is our short guide to the basics:



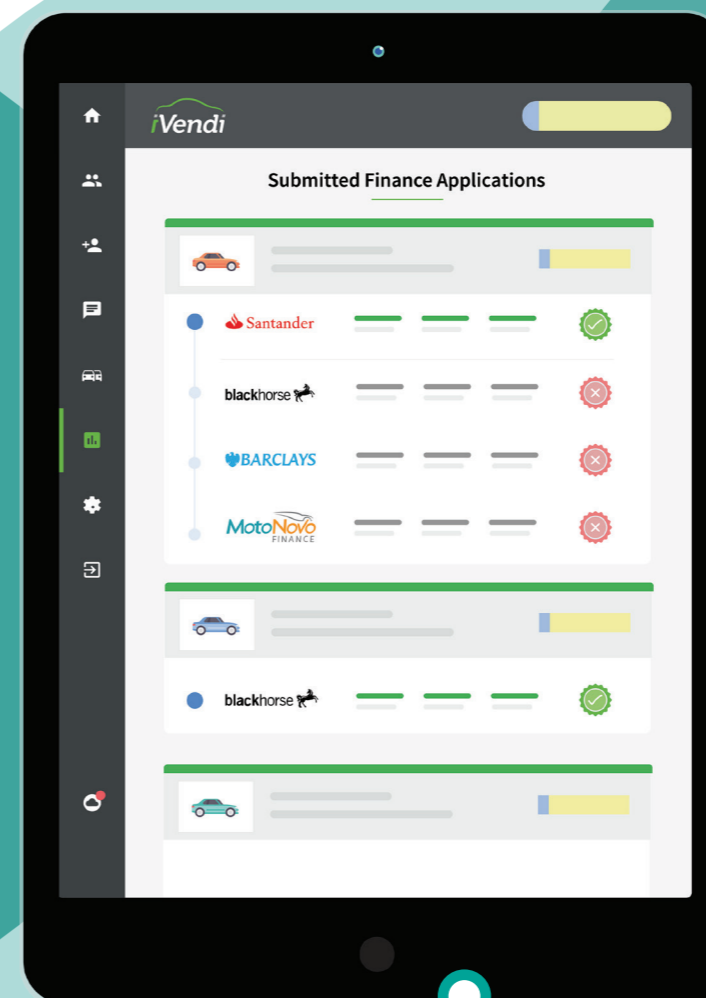
• Finance calculator

The finance calculator is the fast front-end of motor finance. It is the most familiar and well established online motor finance tool and the bare minimum that dealers should offer.

Essentially, it provides the means for the online buyer to calculate the cost of financing a car using parameters such as deposit, loan, term and product. Its importance is that it gives the customer the means to work out the affordability of the vehicle in their own time, and can be displayed prominently on the website alongside individual vehicles.

The best calculators are simple and easy to use, and the best web designers make them as available as possible. That means having the calculator alongside the car in which the customer is interested every time it appears on a page, whatever device is being used.

Where a finance calculator is provided, it extends the time spent on the dealer website considerably. It should also be accompanied by detailed product information, ideally in video form, to explain the most important features of products such as HP and PCP.

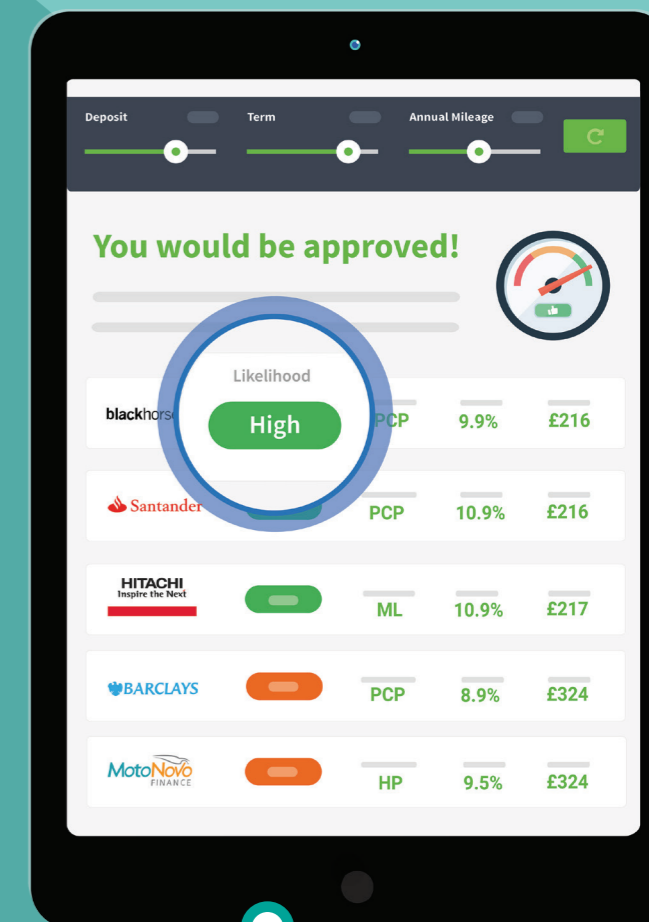


• Multi-lender comparison tool

Online motor finance is all about putting the customer in charge, and an important way to achieve this is to provide visibility over your lender panel and product range. Many dealers only offer a single online finance provider, but our research shows that this may not be sufficient.

The fact is that, in 2018, customers are sufficiently web-literate that they expect a choice of finance providers. A multi-lender tool enables the customer, once they have used the finance calculator to make basic decisions about their borrowing requirements, to look at how your panel of lenders would meet that need.

In use, the comparison tool should very much reflect your panel, providing a spread of lending options and forming part of a structured process that follows the finance calculator in a logical path, showing customers how their initial workings translate into a real finance application.



• Finance pre-qualifier

This is the most advanced of the three tools that are generally available online and is the third step in the online motor finance journey.

The pre-qualifier goes further than a multi-lender comparison tool by replicating the criteria used by the dealer's panel of lenders and showing your likelihood for approval by each without leaving a footprint on the car buyer's credit file that is visible to lenders.

There is quite a lot of sophisticated information to be shown on screen and the key to this product is the ability to show the outcomes in a way that can be easily understood. For example, iVendi's pre-qualifier uses a traffic light system that allows car buyers to comprehend the most important points in a matter of a few moments.

The key to getting the most out of the pre-qualifier is to understand that it is, in some ways, like a more sophisticated finance calculator – users can see how varying parameters such as deposit and term will affect their likelihood of approval. Once a customer has reached this point, their likelihood of making a purchase is high.

Founded in 2009, iVendi makes e-commerce solutions that make vehicle selling easier for dealers, vehicle buying easier for buyers, and vehicle finance easier for all. With offices in Manchester and Colwyn Bay, and products connected to more than 7,000 dealer locations in the UK, iVendi believes in innovating to deliver results.

Visit www.ivendi.com, email enquiries@ivendi.com or call 0345 226 0503.

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