

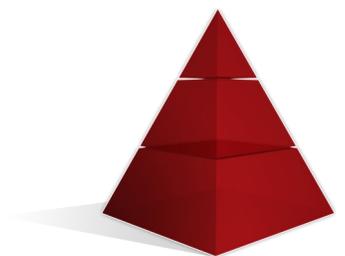
# MYTHS

*“We rarely get turn-downs.”*

25% of Canadian consumers do not qualify for conventional financing through prime lenders or the manufacturers financing divisions. The main reason that a dealership would say this is that their salespeople are shutting these customers down at the front door. As soon as a credit-challenged customer has been identified, many salespeople are discouraged and do not spend the necessary time to work with this type of customer. They may have had some frustrating prior experiences that led to a disappointment for both the customer and the individual salesperson. As a result, they will send the customer away.

*“We don’t want that kind of a customer here at our store.”*

There are dealerships in our marketplace that share that sentiment. A dealer does not have to change his/her marketing efforts to attract these customers but should train their staff how to deal with credit-challenged customers to allow more of them the opportunity to do business with us. Many of these customers are highly respected individuals in the community, have purchased/leased vehicles from the dealership and live in beautiful neighborhoods. Many of these customers have had divorces, health problems, businesses that have experienced financial difficulty or devastation and require transportation. Are you a dealer who pushes products or one who offers transportation solutions?

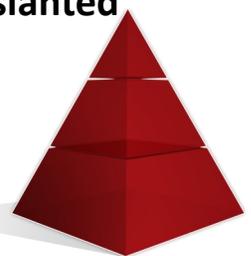


## Dealing with Brand or Image:

Dealers who were concerned about the image of their store and the tarnishing of its brand realized that there was a very viable solution. Dealers who do not want to change their marketing position or image of their store have created separate marketing executions. For example, a dealership creates a separate company and advertises under that different name. (“Dr. Credit” or “You Deserve a Second Chance,” etc.) They will run classified ads in newsprint or magazines, use direct mail flyers, radio spots, infomercials and host multiple websites marketing to credit-challenged customers. There is no reference to the dealership or its name and thus the original image of the dealership is preserved. They utilize multiple telephone numbers to track where their leads are coming from and continually adjust their advertising mix. These dealers have proven that marketing to and servicing this increasing market segment improves customer satisfaction and sales.

*“My Business Manager says that it’s too time consuming yielding poor results.”*

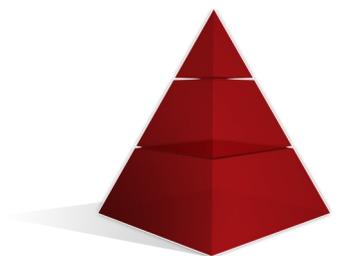
Many Business Managers today are riddled with paper work, generating work orders, confirming insurance, preparing licensing etc. distracting them of their primary functions of getting more deals approved and providing customers with vehicle and loan protection products and services. They are strapped with these duties and are not prepared to go that extra mile to secure additional business that has a lower probability of success. When a dealer suggests to his Business Manager that he/she would like to tap into this market, the Business Manager will often sabotage the request by minimizing the potential results and ‘squash’ the initiative. They are also not trained on how to handle these customers and thus offer a tainted or slanted opinion.



Wiser dealers will recognize this and will accordingly hire a separate Special Finance manager. This will allow the primary Business Manager to focus on their objectives or duties and will employ a surgical approach to creating new found business. Business Managers can however, streamline their sales process in order to work with qualified customers. The sales process is 'finance focused' as opposed to 'product focused' and as such, one cannot work with a credit-challenged customer in the same way as a prime customer.

***“I feel guilty about the high interest rates.”***

On the surface, anyone would agree that an interest rate of up to 29% is excessive. Consider however, one of your customers who has an accident and then repairs their vehicle in your collision center. I'm sure that you would appreciate their business but you really never get a chance to see their automobile insurance renewal premium. It likely jumps up by as much as 100% or more. If their vehicle was written off in the accident, I'm sure that you would also be pleased to sell them a newer vehicle as a replacement but how guilty do you really feel about their increased insurance premiums? Insurance companies will charge higher risk premiums to those drivers with accident histories or to those drivers with a poor driving record. These drivers are considered high risk and thus the insurance companies charge accordingly. Your garage policy and most group health insurance plans that dealers have work exactly the same way. The fact is that because you don't see their premiums and because it's out of your control, you likely don't feel guilty about the extra financial burden that your customer must endure.



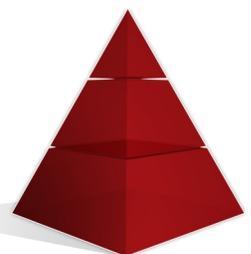
Similarly, the interest rate that a financial institution charges is based on risk just as an insurance company's premiums is based on risk. The customer who has had credit accidents along the way is likely to be a high risk candidate for a higher interest rate auto loan - and that's a good thing! The worse situation that could happen to a customer who wants to get a newer vehicle is to be denied insurability because of his/her accident or driving history.

### **Are you a dealer who pushes products or one who offers transportation solutions?**

In the past, we discarded credit-challenged customers who wanted to buy a newer vehicle from us because they were refused financing from prime lending institutions. Today, dealers have access to Special Finance lenders who are able to help these individuals get into a vehicle and more importantly, re-establish their credit. Today's dealers who cater to credit-challenged customers are providing a highly needed service and solution for their customers. If they don't, someone else will and do so with a clear conscience. Today, many Special Finance lenders have renewal or loyalty programs that allow a customer who makes their payments on time to qualify for a prime or near-prime interest rate on another auto loan. These customers are more often in a position to get a better vehicle and at a lower interest rate within a year. Imagine a credit-challenged customer seeing an advertisement in a newspaper that reads as follows:

**RE-ESTABLISH YOUR CREDIT THIS YEAR  
JUST 12 EASY PAYMENTS  
@ \$60 PER MONTH!**

**CALL: "CREDIT RECOVERY IS YOURS"  
1-888-555-5555**



**Any credit-challenged customer would sign up for that program in a heartbeat! In many cases, this is precisely what you will be asking your customer to do—invest an additional \$50 to \$60 per month on top of what would have been their normal payment. Over the course of a year, a customer may have paid \$700 or more than they normally would have at a lower interest rate loan. Most importantly however; the customer becomes mobile once again and if he/she maintains a payment history, they will more than likely qualify for a more reasonable interest rate often times qualifying at many prime lending institutions as well. You can feel good about your services!**

