



# Turning Objections Into Sales

F&I trainer runs through seven objection-handling techniques for selling service contracts and GAP, and offers advice for closing the customers who listen. **By Ronald J. Reahard**

**F**&I managers make their living on the word “No,” especially since most of their customers enter their offices armed with a variety of ways to say it. What successful F&I managers understand is that most objections are simply an indication that the customer has yet to believe he or she needs the product — or that its value exceeds the cost. Where they make their money is in their response to those objections.

To turn an objection into a sale, you must first welcome the objection, sympathize and demonstrate an understanding of it through your response, tone of voice and body language. Your ability to overcome an objection will depend primarily on your ability to provide the customer with valid reasons why they need your products. Let’s run through some objection-handling techniques for service contracts and GAP coverage:

## 4 Common Objections for Service Contracts

**Objection No. 1: “With a three-year/36,000-mile factory warranty, I don’t need it.”**

**The Response:** Your “in” here is to focus on the customer’s driving habits, especially if the customer drives more than 12,000 miles a year, plans on keeping the vehicle or is financing it for longer than the factory warranty. Here’s how to proceed:

**F&I manager:** I know what you mean. (Toyota) builds a fantastic vehicle. And with that warranty, you are protected for a significant amount of time. Unfortunately, the warranty covers you for three years or 36,000 miles, whichever comes first. And since you drive 20,000 miles per year, you’ll be out of warranty in how long?

**Customer:** A little less than two years.

**F&I manager:** That’s why, in your

case, the service agreement is absolutely critical. Because you’re not financing the car for two years, you’re financing it for five, right?

**Customer:** That’s true.

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**Warning:** Always ask a trial closing question that will elicit a positive response before going for the close. Assuming a “Yes” before the customer indicates he or she is ready to buy will get you an adamant “I don’t want it!” To a customer, that feels like sales pressure.

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**The Close:** So, do you just want to go with the preferred option, or would the standard option work better?

**Objection No. 2:**  
“I just don’t think I need it. I’ll probably trade it in before the warranty expires anyway.”

**The Response:** Make sure to demonstrate empathy and an understand-

## Finance and Insurance

ing for the customer's concern before overcoming this objection. Here's how to proceed:

**F&I manager:** I understand. If you're only going to keep it three or four years, you don't want to buy a service agreement for the next owner. Let him buy it, right?

**Customer:** Right.

**F&I manager:** Actually, that's the best thing about this protection. If you do trade, you can cancel the unused portion and get a refund. If you sell it, you can transfer it to the next owner, which turns an "As-is" used car into a pre-owned vehicle with three or four years of coverage remaining, dramatically increasing its value and your return on investment. If you decide to give it to your daughter when she goes off to college, she'll be covered while she's away at school. And whether you sell it, trade it or give it to your daughter, you want it to be worth as much as possible, right?

**Customer:** Right.

[Proceed to the close.]

**Objection 3: "That's why I'm buying a Ford, because they don't break down. If it did, I wouldn't want the car."**

**The Response:** Tread carefully here. Saying the car will break down could cost the dealership the sale, or, at a minimum, kill your chances of selling a service contract. However, agreeing with the customer means there's no need for a service agreement. Here's how you proceed:

**F&I manager:** I understand. That's why you're buying a Ford, because you don't want any problems. If you thought you were, you'd be buying something else, right?

**Customer:** Absolutely.

**F&I manager:** I have to agree with you. The new Taurus is definitely one of the finest vehicles on the road today. Hopefully, you'll never have any repairs. Unfortunately, if you have even a minor problem, it can be extraordinarily expensive.

**Customer:** Why is that?

**F&I manager:** Just like every other carmaker, our technicians have be-

come component replacement experts. If the air conditioner only has one speed, you don't replace the fan switch; you replace the climate control module. That's why a service contract is absolutely critical. It's not that you have a lot of repairs; it's that when you do, it's a lot more expensive to fix. And you don't want to buy a climate control module if you don't have to, right?

**Customer:** Right.

**Objection No. 4: "This is the fifth Subaru I've bought from this dealership, and I've never had any problems."**

**The Response:** This is just another variation of "I don't need it." Here's how you proceed:

**F&I manager:** Wow! Five Subarus and you've never had a problem. That's fantastic! I can certainly understand why you think you don't need the additional coverage. I'd feel the same if I were in your shoes. That's why you keep buying Subarus, right?

**Customer:** Right.

**F&I manager:** Now, the Legacy is all new this year from the ground up. And since you do plan on keeping it for a while, you're going to be putting on a lot of miles, which means you'll own it long after the warranty expires. And you don't want to pay for any repairs if you don't have to, right?

**Customer:** Right.

### 3 Common GAP Objections

**Objection No. 1: "I've never had an accident."**

**The Response:** Since that might be true, make sure to recognize the feat and stroke the customer's ego before overcoming this objection. Here's what you do:

**F&I manager:** Wow! Thirty years without an accident. That's amazing, especially considering the way people drive around here. I think the worst drivers in the country live right here in Tennessee, don't you?"

**Customer:** No kidding.

**F&I manager:** Obviously, you're a very good defensive driver. You've



also been extremely fortunate, since studies show most people will be involved in two auto accidents before the age of 50, which means you're past due. Unfortunately, even though you are a safe driver, someone else's negligence could put your streak in jeopardy. You could be rear-ended at a stoplight by a 17-year-old kid who's texting while driving. You could also have your vehicle stolen on your next trip to the mall. After all, auto theft is the No. 1 property crime in the country.

[Note: If the customer is not aware of that stat, you can tell them that a car is stolen every 39 seconds. If he is, it's time to go for the close.]

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**Inside the Strategy:** Notice how we shifted the customer's focus to the possibility of his or her vehicle being stolen. While every customer is familiar with their own driving record, most are not familiar with crime statistics. You, on the other hand, have to be.

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**Objection No. 2: "I've never had a car stolen."**

**The Response:** We have to help this customer realize that vehicle theft is always a possibility.

**F&I manager:** I'm glad to hear that, especially since auto theft is the No. 1 property crime in the United States. That's why virtually every new vehicle we sell comes standard with a factory-installed security system.



**Remind your customers that GAP coverage isn't just for accidents, and that auto theft remains the nation's No. 1 property crime.**

Most victims of a vehicle theft, by the way, are first-timers. And unfortunately, your car is much more desirable to thieves because it's still fairly new, which puts you at a greater risk since your loan balance will be at its highest point. If your car is stolen or totaled, GAP can protect you from having to pay any deficiency out of pocket, plus you'll be reimbursed for your deductible. Wouldn't it be great if you didn't have to pay your deductible?

[If the customer says "Yes," then proceed to the close.]

**Objection No. 3:**  
**"I'll take my chances."**

**The Response:** This is not even an objection, but a statement indicating the customer doesn't feel he or she needs the protection. It could be that the customer has never been in an accident or had a vehicle stolen. Here's how you proceed:

**F&I manager:** I can understand why you want to take your chances. If you've never had an accident or had a vehicle stolen, why would you need GAP?

**Customer:** Right.

**F&I manager:** I think I'd feel the same way if I were in your shoes. Why buy something you don't need. However, we do find it's absolutely critical to have it on today's vehicles for two very important reasons.

**Customer:** Why is that?

**F&I manager:** First, today's vehicles are made with component parts.

Have you ever watched those news shows where the National Insurance Institute backs a minivan into a pole at five miles per hour and causes \$5,600 in damages?

**Customer:** Yeah.

**F&I manager:** How could that be, right? The answer is component parts. See, bumpers are plastic, so a damaged bumper gets thrown away, not repaired. And if a piece of broken glass cuts the seat cover, well, on most vehicles, you can't buy a new cover. You know what you then have to replace?

**Customer:** The seat?

**F&I manager:** Exactly. See, even a minor accident can be extraordinarily expensive, increasing the chance of your vehicle being totaled. Second, every new vehicle today is made with crumple zones. It used to be that if you hit a tree with your Crown Victoria, you'd put a big "V" on the front of your vehicle and your face would be splattered all over the dash. If you hit a tree today, your car gives it a big hug and a pillow pops out of your steering wheel. You're okay and the tree isn't too bad either, but your new Taurus is totaled.

And you don't even need to be moving for your vehicle to be totaled. You could be sitting at a stoplight when your new Taurus is rear-ended by a 17-year-old kid who is texting while driving his dad's SUV. That's a big problem these days, right?

**Customer:** Boy, it sure is.

[Since we got a positive response, it's time to circle GAP on the menu and go for the close.]

Armed with the techniques described above, you'll be on your way to improving your acceptance rates for both products — and sending each customer home with a more secure purchase. ■

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