

TIPS FOR SELLING TO MILLENNIALS

MORE THAN \$1 TRILLION IN PURCHASING POWER – AND GROWING



According to research from Autotrader, millennials are the most diverse, educated, socially conscious and tech-savvy generation the world has ever known.

While there are dozens of conflicting reports about why or why not millennials are buying cars, one thing is clear. These buyers are different, and BHPH dealers should be prepared to sell to this large demographic.

They are becoming more mature and financially capable, and their need for vehicle ownership is increasing.

Here are some key factors for millennial buyers:

IN-VEHICLE TECHNOLOGY

Millennials grew up connected. They value what is in the vehicle cabin, not what's under the hood.

While price, brand and reliability are important, in-vehicle technology such as Bluetooth and smartphone integration attracts this customer segment. Even on a BHPH lot, adding "smartphone integration" to vehicle ads when applicable can have an impact.

ONLINE EXPERIENCE

Autotrader found 95 percent of millennials shop for their cars online. They spend less than 12 percent of their time in the dealership.

Your online presence is critical.

Building impressive website experiences no longer requires dedicated programmers. Many DMS systems provide easy-to-use tools to add inventory to your web presence.

Videos, ratings and social media blogs can have an amazing impact on attracting buyers. Keep it current and leverage social media sites and the many dedicated vehicle sites available.

LONGER TERMS

The average terms in the BHPH industry have increased over the past five years. In fact, between 2013 and 2017 the average term increased by five months, to the current average of 44 months.

A key driver of the longer terms is the existing debt of buyers, especially the student debt of millennials.

The impact to the dealer is a longer

period of time until the break-even point, lengthening the time it takes to get your money out of the deal. That can impact cash flow and inventory.

With ACV up slightly to \$6,014, dealers need to get creative in managing both capital and inventory. Capital providers can help dealers leverage both cash flow and the ability to keep inventory on the lot.

While there are many capital sources and programs, finding one that allows the dealer to keep the customer relationship is key.

Dealers already know the value of building relationships with their customers, so choose a capital partner that allows you to continue to collect payments from the customer directly. That simple interaction is key to building the relationship and future business. ■



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