

Darwin borrows a page from Amazon

Software helps RFJ Auto boost F&I profits

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RFJ Auto Partners Inc. has sold most of its vehicles online for the past few years. And until January, F&I product sales had been limited to a quick pitch from a menu at the dealership or a description of bundled products over the phone.

A switch in F&I vendors, including adding Darwin Automotive's F&I software and Darwin Online, has enabled Rick Ford's 28-rooftop dealership group to present, explain and sell targeted F&I products to car buyers.

RFJ began using Darwin's predictive software on iPads in stores in January and launched the complete digital retailing tool more recently, Darwin Automotive CEO Phillip Battista said.

The moves have boosted RFJ's average F&I profit per vehicle retailed \$286 in the first half of this year compared with the same period in 2017.

"We've been able to increase our bottom line year over year in an industry where most dealer groups [and] dealerships have seen declining profits," Ford, CEO of the dealership group in Plano, Texas, told *Automotive News*.

Darwin "really tailors the offerings to the customer, to their individual needs."

Rick Ford
RFJ Auto Partners

RFJ now sells F&I products from Warranty Solutions and RoadVantage. And with Darwin, RFJ is presenting F&I products in a "very consumer friendly format, very transparent," Ford said.

How it works

With the Darwin program, customers complete a short questionnaire. Then Darwin factors in their current deal and their history with RFJ dealerships, such as previous purchases and repairs. Using algorithms and artificial intelligence, Darwin predicts which products are best for the consumer in real time and ranks F&I products a customer is most likely to buy, Ford and Battista said.

The presentation is "very similar to an Amazon product, where it will say, 'Based on your history with us, based on other customers like you, these are the top products that we believe will fit,'" Ford said. "Traditionally dealers have always offered basically the same products to every customer. ... [Darwin] really tailors the offerings to the customer, to their individual needs and their individual history, driving history."

So, if a customer had a windshield replaced on the last vehicle and is predicted to drive more miles and be out of warranty before they will sell the car they are about to buy, then windshield protection and extended warranty coverage would be pitched to that customer, Ford said. Or if a customer finances with the dealership, the Darwin software also can predict a possible negative equity sit-

uation and guaranteed asset protection, or GAP, may be pitched.

The software works in real time and if a consumer changes a payment term, for example, the software may no longer suggest GAP coverage, Battista said.

Increased take rate

With most of RFJ's stores in rural areas and small towns and 88 percent of sales either trucks or SUVs, Ford said tire and wheel warranties are strong sellers.

And unlike the quick in-store pitch, online customers can read at their own pace and on their own time about product coverage and benefits, Ford said.

RFJ has also increased the F&I product penetration rate, or customer take rate, "significantly" across its extended warranty coverage and other F&I offerings, though specific amounts were unavailable, Ford said.

Ford, who said the sales will help with service and repurchase loyalty, said the changes have aided revenue in a time of compressed new-



Ford: Benefit to the bottom line



Battista: Buyers are educated.

to us from a bottom-line perspective."

About 150 U.S. dealerships use Darwin Online and some have had dramatic increases in F&I profit per vehicle retailed because consumers are educated on the offerings, Battista said.

RFJ Auto ranks No. 34 on *Automotive News*' list of the top 150 dealership groups based in the U.S., with 23,945 new vehicles retailed in 2017. The company is No. 22 on *Automotive News*' list of the top 100 dealership groups ranked by 2017 used-vehicle retail sales, with 21,754. **AN**

car margins.

"What this has allowed us to do is to replace a lot of that margin compression with increased F&I profits," he said. "So it's been a huge benefit



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