



HOW TO GIVE YOUR **CUSTOMERS** WHAT THEY WANT

YOUR GUIDE TO MERCHANT-
OFFERED FINANCING



THE FACTS:

As merchant-offered financing grows in demand, retailers have a unique opportunity to capitalize on the trend and stay ahead of the curve by understanding what their customers want.



1 in 3

CREDIT-CHALLENGED CUSTOMERS HAVE USED POS FINANCING IN THE PAST YEAR OR PLAN TO USE IT IN THE NEXT YEAR.



25%

OF CONSUMERS EXPECT STORES TO OFFER FINANCING PRODUCTS.

4 in 5

PEOPLE WANT TO APPLY FOR MERCHANT FINANCING ONLINE.



Nonetheless, establishing and running a successful financing program beneficial to a business and the consumer has its challenges.

The Merchant Financing: Consumers Perspectives Study analyzed the preferences and behavior of consumers, which found that running a financing program requires four aspects to guarantee success.

- Omni-channel options
- Knowledgeable and helpful associates
- Easy-to-grasp products
- Efficient application and smooth approval process

HOW DO CONSUMERS USE FINANCING?

Building your financing program helps to know how and why consumers use merchant financing.

In the following study, we look at how much consumers are financing, how often, and why. This provides us with the insights we need to tailor our financing products to their needs.



AMOUNT

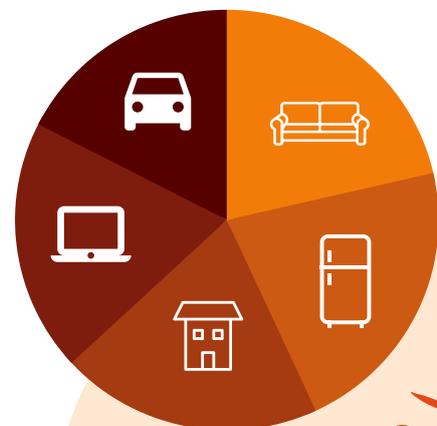
They require a large amount of money to make the purchase immediately, which is often not an option for consumers.

The study found that most consumers begin considering financing options for purchases of \$750 or more. As an incentive for retailers, 28% of those who had used financing said they used it to purchase more than if they were to purchase without financing.



MAIN PRODUCT CATEGORIES

Consumers are more likely to consider using financing for furniture (76%), appliances (77%), and home repair (71%). Many would also use financing for computers or electronics (69%) and auto repair (62%).



FREQUENCY

Consumers who have used in-store financing in the past have done so three times in the past five years for purchases over \$500.



USERS

Consumers who use merchant financing tend to do so for several different reasons. Reasons include:

- Monthly payments fit their budget better
- It was a sudden unplanned expense
- Great financing terms

Merchant finance users are not necessarily in the low-income category.

61% of credit-challenged consumers who have used financing make \$50,000 or more per year.



WHAT DO CONSUMERS WANT FROM MERCHANT FINANCING?

Furthermore, the study explored consumers' preferences regarding in-store financing. Through this, they determined the factors that motivate consumers to use a retailer's program or not.

Consumers said they were most likely to consider the basics when deciding if they would accept a merchant financing offer. These basics include:

- interest rate,
- monthly payment amount
- the total cost of the product with financing.

However, other contributing factors were the primary motivators for consumers.



EASY APPLICATION AND APPROVAL:

Overwhelmingly, consumers want the application process to be speedy and straightforward. They do not wish to dedicate additional time to working through applications and processes.

9 in 10 consumers want to know if they're approved for the financing immediately after applying.

92% of consumers say they would likely consider an alternative financing product if they're declined for the original one they applied for.

However, 53% would be less willing to do so if they had to fill out another application.





OMNI-CHANNEL:

Consumers want online, self-managed application options rather than in-person applications.

While many past users applied via a paper app in the store (28%), 34% of prospective users say they would instead apply on the retailer's website before ever going to the store.

51% of users say they prefer to complete and submit the financing application themselves.



KNOWLEDGEABLE STAFF:

Sales associates who understand the merchant's financing program can make a significant difference in generating interest.

35% of consumers prefer to learn about a store's financing options from a sales or service associate.

72% said that knowledgeable staff played an integral role in considering and using financing with their purchase.



ATTRACTIVE PROMOTIONS:

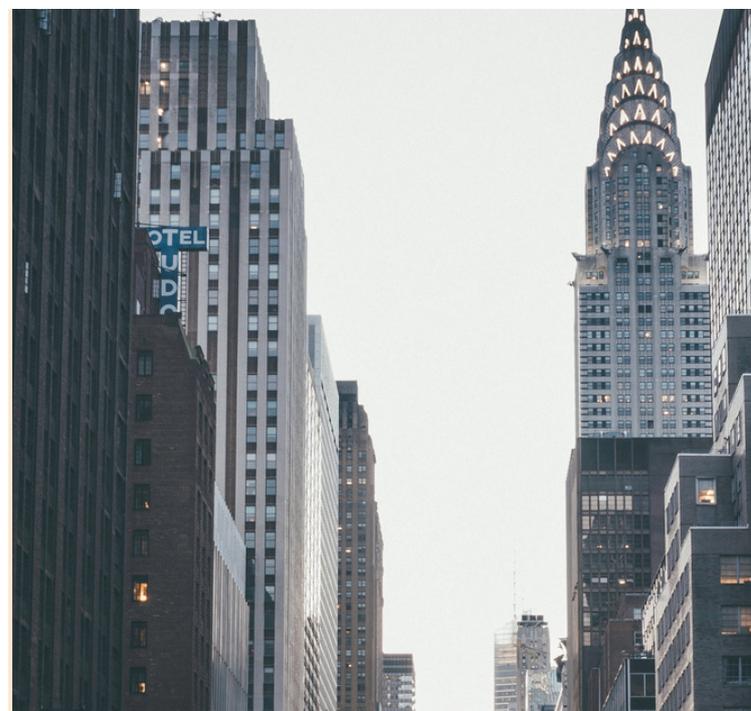
Reduced or no-interest offers drive consumers to use merchant financing quicker.

Roughly one-third of consumers who have used it said they were attracted to a merchant's financing program as it included a no-interest promotion.



CLEAR TERMS:

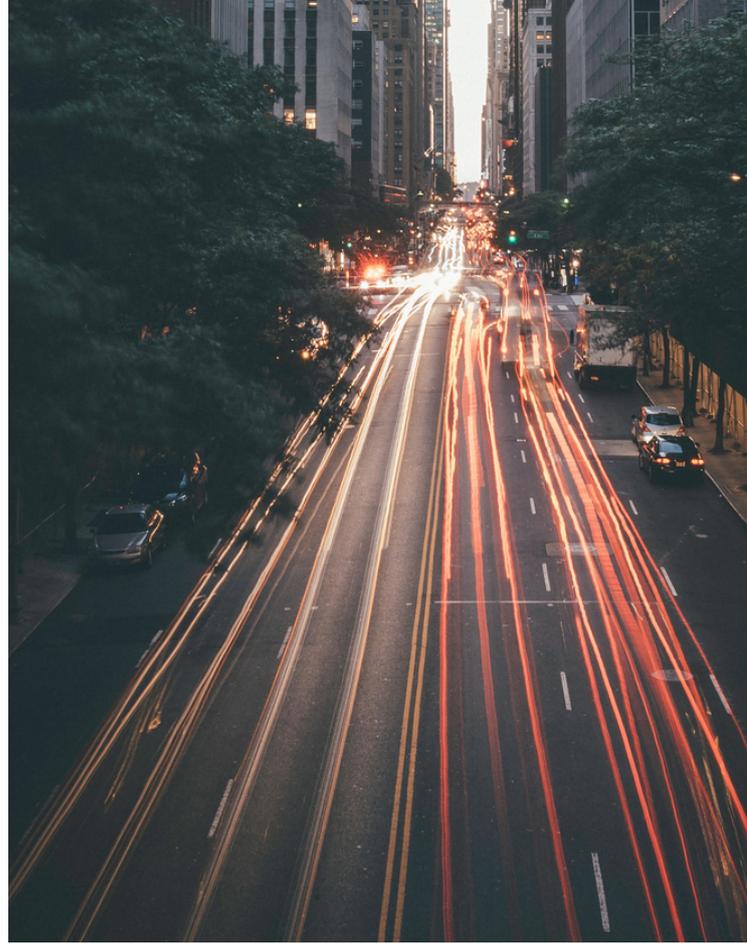
Consumers want to know what they're signing up for. 95% of consumers say clear, understandable terms and conditions are important for choosing a financing product. If something seems unclear, they are less likely to select the option.



YOUR KEY TO FINANCING PROGRAM SUCCESS

Understanding what consumers want and need from a merchant financing program makes it easier for retailers to launch a successful one for their business.

If you are a merchant interested in starting or changing your in-store financing program, the following data contains helpful suggestions on how to make it a success.



APPEALING FINANCIAL PRODUCTS:

Appealing terms and monthly payments are critical factors for consumers to decide whether they want to use in-store financing.

42% of consumers chose to use financing because the payments fit their monthly budget.

Additionally, many consumers chose financing based on promotions, such as no interest for a period of time (33%), low introductory rate for a period of time (31%), and no down payment required (29%).



ONLINE INFORMATION AND APPLICATION OPTIONS:

It's becoming increasingly important for retailers to offer information about their financing programs online.

73% of consumers search the Internet for information about a retailer's financing program, while 66% turn to individual retailers' websites for their financing information.

Remember, online applications are preferred. 84% would like to apply for merchant financing online before they ever enter the merchant's store.



FAST, CONVENIENT APPLICATION AND APPROVAL PROCESS:

The approval process needs to be as smooth as the application process.

63% feel instant approval is vital to their application experience. They also don't want the hassle of filling out multiple applications. 62% are more likely to consider various financing offers if they don't have to fill out another application.



TRANSPARENCY:

Understanding the terms before signing up is vital.

- What's the interest rate for this financial product?
- If there's a promotional rate, when does it end?
- What are the payment terms?

3 in 4 consumers say clear, understandable terms and conditions are essential to them.

Retailers must prioritize straightforward information on their financing products and make sure sales and service personnel can explain how offered products work to help secure the sale.





NO FINANCING = FEWER SALES

Recent surveys show the importance of financing options and how they affect your bottom line.

If you're not offering financing options to your customers, you could be losing up to 45% OF SALES!

45% of customers said if the financing they sought were not available, they would not have gone through with the sale or would have gone to another company that provides the financing options they require.

Think about it, do you clearly advertise that you offer financing as a payment option? If you're not, you could be damaging your sales potential.

From this study, only 36% of people were aware that financing was even an option for their recent purchase or project.



THE TAKEAWAY

For retailers looking to launch or expand their merchant financing program, it's best to look for vendors who can offer these features.

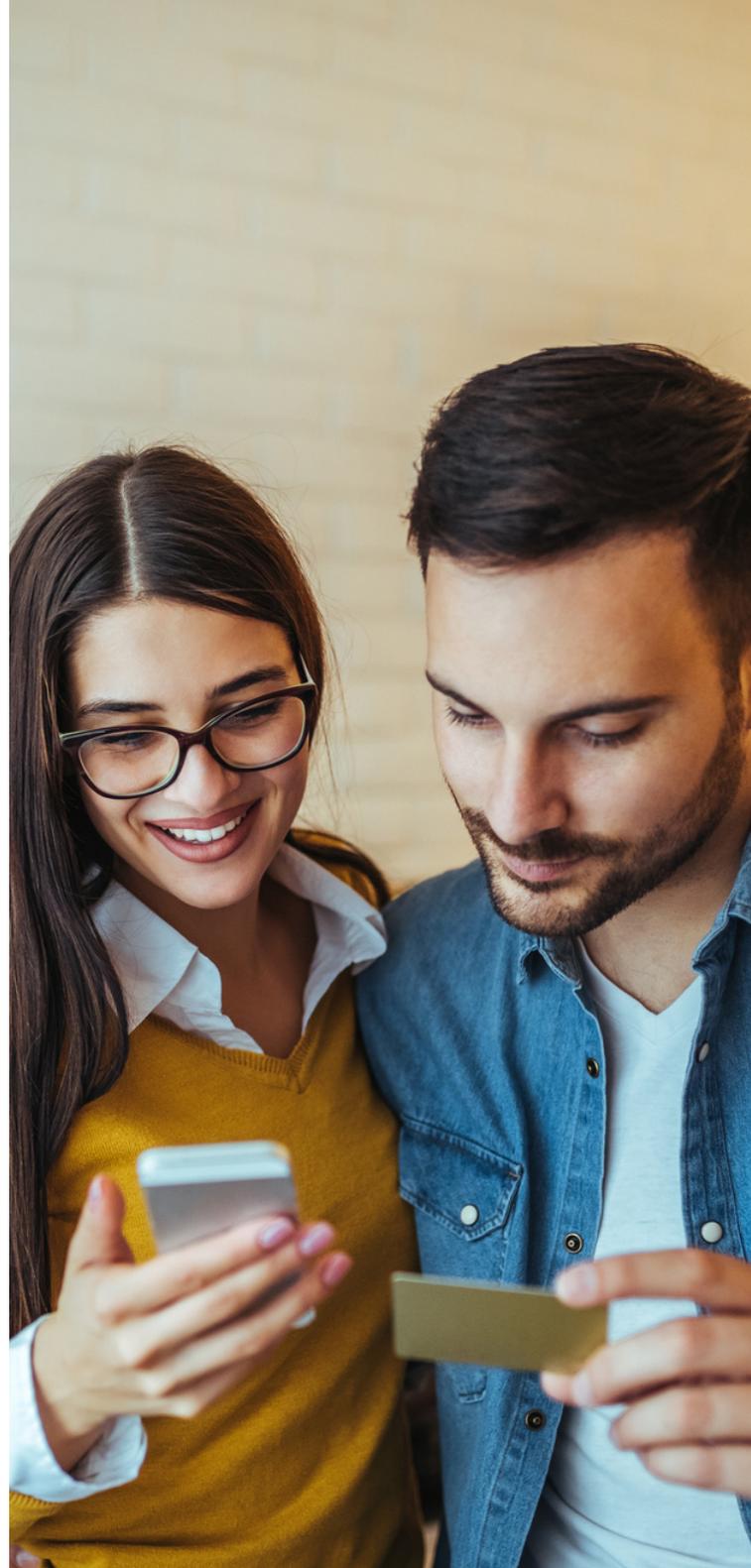
For retailers who already have a financing program in place, now is the time to assess whether your current vendor is meeting consumers' needs and preferences according to the statistics provided in this study.

An effective merchant financing program can and will lead to increased sales and greater customer loyalty as they value the option of financing when they need it.

A recent NewComLink survey found that 100% of vendors who offered financing said it allowed their store to make more sales.

3 in 10 customers are more likely to shop at a store that provides additional financing options.

However, those results don't happen automatically. To see the maximum benefit and reap the full rewards of a financing program, retailers need to understand their target customers' financing wants and needs—and then meet or exceed them.



JOIN LEADING BUSINESSES
NATIONWIDE BY CREATING A
SUPERIOR CUSTOMER FINANCING
EXPERIENCE THEY WANT TO USE.

Call us today to find out more.

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Touch-n-Buy is a leading financial technology company for brands. By combining full spectrum lending supply, technology, and support under one roof,

Touch-n-Buy is able to deliver brands simpler, more satisfying financing experiences for their customers, wherever and whenever they shop.

