Vinyl Fence *Tip*

Practical and Proven Ways to Sell More Vinyl Fences

From your friends at National Vinyl Products

How to use financing to close more sales

Installing a vinyl fence is an investment in the future for your customer's home or business. It offers security and privacy, adds beauty, and helps keep children and pets safe. Your sales team has the knowledge, and your company has the products, services, and experience to convince customers of those advantages.

But what do you do when a customer says they cannot afford the cost of a new vinyl fence? Sometimes the difference between someone buying a fence and not buying a fence is your ability to offer them a payment plan.

In this article, we will explore the pros and cons of offering customer financing, how to provide a financing plan to your customers and the two main financing options for you to consider.

What financing options should you offer?

Customer financing is a service a business offers to help consumers pay for products or services over time. The service involves an application process in which the company assesses the customer's credit risk. In most programs, the customer agrees to a payment plan to pay off the full amount of their new fence over time, typically through monthly payments.

Most fencing companies offer financing on orders over a certain dollar amount. Some of the popular financing payment plans include:

- Ninety days same as cash (no interest payments for 90 days)
- No interest for one year (or more)
- Zero percent financing

The two biggest benefits to you

To help you decide if a consumer financing program is right for your fencing business, let's take a look at the advantages and disadvantages.

Here are the two main benefits of consumer financing:

LARGER ORDER SIZE: According to research by PayPal, the order size increases by an average of 15 percent when businesses offer customer financing. Larger orders are better for your bottom line, and they mean that your customer is able to buy the fence they need for their property.

MORE SALES: A study by Forrester Research found that companies that offered a POS financing option experienced a 32 percent increase in sales. Like it or not, our culture has a "buy now, pay later" mentality. Customers are more likely to agree to a big-ticket purchase if they know they can pay for it in small installments.

How to offer a financing program to your customers

Like any new product, you will need to advertise and market your new financing plan if you want it to work. Promote it on your website, social media, and in your store on windows and counters. Here are some phrases you can use to attract attention:

- Apply for our easy financing and order your new fence today!
- Get a credit decision within minutes
- No application fee
- Affordable monthly payments
- Quick, easy, safe application process

- Start your project sooner with our convenient financing plan
- Predictable monthly payments with customizable financing options

Financing options

There are two main options of consumer financing—primary and third-party.

OPTION A: PRIMARY

With primary financing, your fencing company acts as a the bank or the lender, offering its own program to customers.

If you choose this method, you will need to develop a credit policy, handle and pay for credit checks, and create a system for collecting payments. Many online accounting software programs enable you to manage the bookkeeping for financed fences.

If someone is interested in finding out about your program, the next step is to ask them to complete an application.

If you are offering in-house financing, you will need to have an evaluation process in place to determine a customer's credit status. Some companies ask the customer to speak with an accounting staff member who is trained to handle this task.

The primary drawback of offering customer in-house financing is the expense. You will need to invest in software, and you may need to expand your staff to handle the credit checks and bookkeeping.

OPTION B: THIRD-PARTY

With a third-party financing program, your business relies on a financial services provider to act as the lender at the point of sale. Third-party financing companies handle credit checks, reminders, and payments. You either pay a fee for each transaction or pay a flat monthly fee for the service.

A third-party financing company will handle this application step for you. One option is to hand an in-store customer a tablet that is loaded with the financing application software. Or they can apply on their own device.

Once the customer's credit status has been approved, you (or the third-party company) will draft a financing plan agreement that includes a payment schedule. When both parties have agreed to and signed the agreement, you can complete the sale.

No matter which option you choose, offering financing to your customers should improve your bottom line.