



WHY OFFER CUSTOMER CREDIT?

It's been demonstrated time and again that offering customer credit in your store can increase sales by 40%, and increase the average sales ticket by 15% or more!

While everyone is looking for a great deal, they eventually think about how they are going to pay for their purchase, and many times before they even enter the store, or shop online. Letting customers know up front that your store offers flexible financing options can go a long way in making them feel welcome, and closing the sale.

There are a variety of financing options available to retail merchants including “no interest” promotions that attract the more creditworthy customer (*commonly coined primary financing*), and non-prime to lease purchase options for the less creditworthy and credit-challenged customer. “No Interest” promotions run from 90 days up to 72 months no interest, where a customer can pay off the principle loan amount during the promotion period and pay no interest. If they fail to pay the principle during the promotion period, full interest is applied.

The “no interest” promotions usually come with merchant discounts as a good number of customers will take advantage of the promotion and pay off early. When they do, the lender can only make a profit by charging the merchant a fee; the longer the “no interest” period, the higher the merchant fee. As you move into non-prime lending, risk fees as well as promotional fees are employed. This said, it is important to build these discount fees into your overall product pricing, and offer “*discounts for cash*”. Cash can also mean *credit cards* in some states.

It is really important to have a page on your website dedicated solely to customer financing. Having secondary (“Less than perfect credit?”) and tertiary (“no credit needed”) options along with your primary option will bring in a new crop of customers!

Offering financing options to customers in all credit tiers will allow the merchant to grow his business and will typically represent from 40% to 60% of overall sales.

