

HOW TO MANAGE "INTERRUPTED" TRANSACTIONS

The impact of coronavirus is unprecedented and deeply worrying for businesses and customers alike.

The NCC is engaging with all members to ensure that they have access to and fully understand the business support that is available, and also to provide specific guidance for you as retailers to help you manage and retain the relationships you have with your existing customer base.

The following guidance is the first in a series of advice sheets written specifically to assist you in real-life situations that you may be encountering:

Orders and sales that are underway, but delivery is compromised due to the Government closure provisions

Q. During this enforced closure period some of our staff are operating a skeleton service from home. We are receiving emails and telephone calls from existing customers on a range of topics. Is there a Golden Rule to follow in these circumstances?

A. Yes there is! Keep communicating with your customers, reassure them that if you are holding their vehicle (in your workshop awaiting service or warranty repair or a vehicle which was on order was delivered just before the closure period) that their goods are safe and will be available to be picked up just as soon as circumstances allow. At times like this excellent customer service will pay dividends in the future. Most customers are reasonable people and those that have placed an order will generally want to go ahead with their purchase but may need a little more reassurance in these deeply unsettling times.

Q. How can I keep my customers happy while they wait?

A. As above, keep communicating and reassuring. You may also want to consider some additional benefits for customers who have been inconvenienced ... maybe a free service in the future or a small gift such as flowers or wine delivered to their address apologising for the inconvenience and assuring them that you will let them know just as soon as they can pick up their new caravan / motorhome.

Make sure that they can contact you directly to air any concerns that they may have so that you can address their worries and reassure them.

Q. I have a couple of customers who placed an order for a new vehicle with me before Christmas. They paid a deposit and have also paid the balance of the purchase price in full in anticipation of a 'confirmed' delivery in mid-March. The vehicle was delivered the day before the Government closure provisions and the non-essential travel restrictions were announced. What should I do?

A. It is essential that you stay in touch with your customer. In general, it will be assumed that ownership of the goods will pass from the dealership to the purchaser once the balance has been paid in full. It is critical to reassure your customer that the goods belong to them and they will be allowed to collect them as soon as these unprecedented circumstances allow. A reassuring phone call now could prevent difficulties later.

Q. What if I have taken a deposit for a pre-owned or new vehicle which is in stock but due to the Government measures neither I nor the customer are able to complete the transaction so they can take delivery?

A. Again the customer will be anxious to know whether their deposit is safe and that the vehicle has been secured for them. When the restrictions are lifted customers will want to resume their 'normal' lives as far as they are able, assuming that their incomes have not been compromised too far by the economic restrictions, and they will wish to continue with their purchase. As a business it is also vital that you can restore your cash flow through the business as soon as possible and, of course, retain valued existing customers. The quicker you can make that contact with the customer to reassure them the better.

Q. If a customer cancels their order, can I keep the deposit?

A. Deposit returns should still be made in accordance with the normal contract rules which should be reflected in your terms and conditions. In summary this will mean that you can keep some or all of a deposit *provided you can demonstrate a genuine loss to the business as a direct result of the cancellation.*

The exception to this would be if the goods on order are "bespoke" in which case you may be entitled to keep a larger amount to reflect the fact that it may be harder to sell the goods. The amount that you hold back should still represent your true losses, reflecting what it would cost you to return the goods to a more resalable condition. Choosing from a standard range of fittings does not qualify as bespoke – it would need to be specific changes made to a caravan or motorhome that would limit the resale market and/or negatively affect the resale value i.e a caravan with the customers initials monogrammed onto the cupboards or a motorhome that had been painted fluorescent green at the customer's request.

In normal circumstances most motorhomes or caravans are not bespoke items and so you will need to calculate whether or not the business has suffered a genuine financial loss as a result of the customer cancelling:

- (i) If so, *and you are able to evidence this*, then the amount of the loss can be deducted from the deposit and the remainder returned to the customer.
- (ii) If there is no direct loss to the business then the customer should receive their deposit back in full

Remember, communicating with the customer and dealing with them fairly and openly will build goodwill for any future purchasing decisions that the customer makes and may well pay dividends further down the line.

Q. If a customer now finds that they can't afford to complete a purchase because their financial circumstances have changed as a result of the current situation, what should I do?

A. You will need to rely on your terms and conditions and take note of the guidance above (handling deposits) but also be mindful of customer relations. Where a customer is no longer in a position to honour and finalise a large financial commitment on a leisure vehicle now, it is likely that they will not have taken this decision lightly and they will be looking to you for extra time to make the payment, perhaps when they have secured a short-term loan from their bank. Overall, they will be seeing this as a short-term issue. Clearly as a retailer you may also be experiencing cash-flow issues but if you are able to demonstrate an understanding of the customer's position that may pay dividends in the future when the customer's finances improve. It is not clear how long it will take for the market to recover and attracting new purchasers for existing stock (such as this vehicle) is going to be a challenge. This is an opportunity for you to secure this customer's loyalty to you and your business and ensure that any future purchases are made from you rather than your competition.

In summary:

- **Transparent, fair terms and conditions** - you will need to rely on the terms and conditions under which the caravan or motorhome was sold. Make sure they are compliant- if in doubt request a copy of the NCC model terms by emailing membership@thencc.org.uk - but remember you can only use these for future contracts and cannot replace what you have already agreed with your customer.
- **Good customer care** – if customers feel valued then they are more likely to stay with you and complete their purchases, even in these very uncertain times, when the immediate crisis is over. Therefore, you should pay equal attention to your customer service and communications. Put yourself in your customers' shoes and consider what reassurance and service level would make you feel sufficiently valued to continue with the purchase ... and then apply that to your customers.