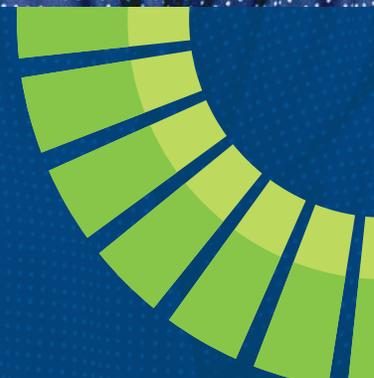




HOW A MILLENNIAL USED A FLOOR PLAN TO DOMINATE HIS MARKET

CASE STUDY | FEB 2020

NEXTGEAR
CAPITAL



CASE STUDY OVERVIEW

DEALERSHIP

CARite

TYPE

Independent

MARKET

Fort Pierce, FL

EMPLOYEES

31

INVENTORY

200 to 250 vehicles a month

AVERAGE TURN TIME

39 days

UNITS FLOORED IN THE LAST 90 DAYS

309

FLOOR PLAN PROVIDER

NextGear Capital



A MILLENNIAL ON A MISSION

When you think about thriving areas for auto dealerships, with a population of only about 45,000 people, Fort Pierce Florida probably isn't the first place that comes to mind. But that hasn't stopped Alex Balk's CARite from becoming a top seller of used vehicles. The dealership has grown significantly over the past year from 20 vehicles on their lot to nearly 250. "We've used NextGear Capital from the very beginning because we weren't interested in being a traditional buy here pay here lot. Our mission has always been to be a larger volume store so using a cash only strategy was never an option." To say Balk made the right decision is an understatement as this business strategy, has enabled him to turn his inventory 14 times in the past year.

"WE'VE USED NEXTGEAR CAPITAL FROM THE VERY BEGINNING BECAUSE WE WEREN'T INTERESTED IN BEING A TRADITIONAL BUY HERE PAY HERE LOT."

- Alex Balk, CARite

FINDING THE RIGHT FLOOR PLAN COMPANY

Since Balk had previously worked with other floor plan companies in the past, he knew the importance of finding the right one.

"There are a lot of options out there and since I was already purchasing inventory through Manheim, they referred me to NextGear Capital. After our initial interaction, I was immediately impressed by the difference and felt confident reaching out for more information. The approval process was very straightforward and that wasn't the case with other floor plan companies I've used before. I always had a difficult time knowing what type

of paperwork was required and I got hit with unexpected fees. When I used to work with a competitor of NextGear's, I only had about 10% of my flooring with them but they gave me 90% of my problems. I don't know why it was so much more of a hassle than it is with NextGear, but I know a lot of other dealers have experienced the same thing."

AN ACCOUNT PORTAL SUPER USER

Another reason why Balk prefers financing with NextGear Capital is the convenience of managing his account through Account Portal. "Part of my morning routine each day is logging into Account Portal after I wake up so I can see if I have any payments due and how much financing I have available. All the fee information is also easily accessible and transparent so there are no surprises. I prefer to do all of my purchasing online because I can't be at multiple places at once. Manheim is the gold standard in auctions and since NextGear Capital is also part of Cox Automotive, the funds transfer very easily. I can get a gate pass and pay for it immediately, and then I can transport the vehicles right away. With other companies there's a couple day lag sometimes and that really slows things down. So, if I buy a vehicle on a Friday, I can get it serviced and detailed and sell it that same weekend. With other floor plan companies, it can take a couple of days for everything to process and that lag time can seriously impact my sales. It's awesome how everything is streamlined and works together."



A COMPETITIVE ADVANTAGE

Another part of Balk's success can be attributed to his uncommon business model for the area. "The dealership next door is a traditional large Toyota dealership and there are also about 20 buy here pay here lots scattered around us. We're in a unique position because we're able to be very competitive against these two types of business models. We can outprice the traditional dealership while still offering similar inventory, and we have a larger variety of inventory than the standard buy here pay here dealerships while still offering competitive pricing. I also don't have the overhead that the big dealerships have which allows me to carry a little higher end inventory which supports our model of competitive pricing with newer, serviced vehicles."

“ WE CAN OUTPRICE THE TRADITIONAL DEALERSHIP WHILE STILL OFFERING SIMILAR INVENTORY, AND WE HAVE A LARGER VARIETY OF INVENTORY THAN THE STANDARD BUY HERE PAY HERE DEALERSHIPS WHILE STILL OFFERING COMPETITIVE PRICING.”

- Alex Balk, CARite

EMBRACING CHANGE

While Balk always planned on using a floor plan, he wants other dealers to feel comfortable doing so. "I think the reason some dealers are hesitant to use a floor plan is because they've used floor plans in the past that had hidden fees and didn't have tools like Account Portal that help them run their business. They may even feel like they were taken advantage of. The problem is that by not using a floor plan they're also missing out on the opportunity to improve their business. I always tell dealers that they should give it a shot with NextGear Capital because they're the industry leader in floor planning. Dealers will have a great support team behind them, and they shouldn't be afraid to reach out to their Performance Manager with any questions. My rep has been a great resource to me and has always been available to help."



"I ALWAYS TELL DEALERS THAT THEY SHOULD GIVE IT A SHOT WITH NEXTGEAR CAPITAL BECAUSE THEY'RE THE INDUSTRY LEADER IN FLOOR PLANNING. DEALERS WILL HAVE A GREAT SUPPORT TEAM BEHIND THEM, AND THEY SHOULDN'T BE AFRAID TO REACH OUT TO THEIR PERFORMANCE MANAGER WITH ANY QUESTIONS. MY REP HAS BEEN A GREAT RESOURCE TO ME AND HAS ALWAYS BEEN AVAILABLE TO HELP."

- Alex Balk, CARite

ABOUT NEXTGEAR CAPITAL

NextGear Capital is the largest independent inventory finance company in North America, providing flexible lines of credit for auto dealers to buy used vehicles from over 1,000 auto and other vehicle sources throughout North America. With a client base of more than 20,000 dealers, NextGear Capital provides comprehensive services and support enabling dealers to buy and sell more inventory through self-service management tools, title services, records management and collateral protection. Headquartered in Carmel, Indiana, NextGear Capital is a Cox Automotive brand.

For more information, visit nextgearcapital.com.

*This case study and testimonial were received via interview, audio and/or video submission. It is based on the dealer's individual experiences, reflecting real life experiences of that NextGear Capital dealer. NextGear Capital does not claim they are typical results that dealers generally will achieve. This dealer's experiences may not be indicative of future performance or success of any other dealers. Some of the testimonials have been shortened so the whole message is not displayed due to length and/or relevance. All advances made in California by NextGear Capital are made pursuant to NextGear Capital's California Finance Lender License #603G505.

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