

# Where Credit is Due

Appliance retailer BrandsMart USA easily connects with customer credit sources

by LAURI GIESEN

There is no doubt that retailers of high-ticket items like to increase the number of approved credit requests that they receive in order to sell more goods. It can be particularly frustrating, after spending considerable time finding the right item for a customer, to have a sale go bad because the purchaser has been turned down for credit.

For BrandsMart USA, a chain of nine appliance stores throughout Georgia and Florida, securing customer credit approval got particularly difficult several years ago when banks tightened up their consumer lending. “A lot of the banks we previously could get credit from disappeared on us,” says Larry Sinewitz, BrandsMart executive vice president.

Last year, BrandsMart started using a secondary credit system from NewComLink that allows the retailer to apply to and get immediate responses from multiple credit and leasing sources with one connection. BrandsMart did not have to add any additional hardware to hook its stores into the system — it just added special software from NewComLink.

## INCREASED APPROVALS

Under traditional systems, if a customer is turned down for a stated primary credit offering, they are told they have been rejected and asked if they want to apply again for a secondary source. Then a second application has to be made.

The NewComLink system automatically sends rejected primary applications to multiple secondary sources; the customer is told within seconds that while she was not approved for the promotional credit offering, another source of credit is available. Once a secondary lender ap-

proves the credit request, loan terms and conditions are transmitted to the BrandsMart store employee to present to the customer. If the customer approves the new terms, the sale can be completed.

Before using the NewComLink system, BrandsMart could only approve about 60 percent of credit applications it sent to lenders. Another 25 percent were approved for renting the merchandise, a last resort that the chain prefers not to use. Since using the NewComLink system, the rate of credit approvals has increased to 75 percent, with most of the remainder getting rental deals.

The increased approval rate is a big boon for BrandsMart, where the average sales ticket is between \$700 and \$800. “It’s so hard to get people to agree to buy something,” Sinewitz says. “It kills me if after finally closing on a sale, we have to turn the customer away because they could not get financing.”

In addition to adding more creditors, BrandsMart plans to add leasing companies as another option for customers who have low credit scores.

“We want to make as many options available as possible to our customers,” he says.

## POS INTEGRATION

NewComLink has found its system to be popular with retailers that sell high-ticket products, particularly furniture, electronics and jewelry.

“We’re finding interest from chains that have their own primary private-label credit card but want to approve even more credit requests and have more satisfied customers,” says Douglas Filak, NewComLink’s chief marketing officer.

Filak notes that the interest in secondary credit sources has been strong



since 2008 when a lot of traditional credit options for retailers dried up. But while a number of new lenders have entered the market, retailers often found it difficult to reach a broad base of alternative sources of credit.

In NewComLink’s Retail Financing Survey, in which the firm interviewed financing executives at 10 mid-sized retailers of furniture, jewelry, electronics and flooring products, many respondents said secondary financing options help them increase their sales. But they also said their current platforms are lacking the technology to be successful in reaching multiple sources of secondary financing.

The survey found that retailers want tablet options, online applications and omnichannel capabilities, in addition to more support from secondary financing providers. Responding



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retailers also said they lacked program training for sales associates and account representatives, and had limited customer service options.

Filak says consumer studies show that consumers are more likely to shop at retail locations that provide credit options; that desire is especially true among Gen Y shoppers.

Technology is key to making secondary credit options work, he says. Previously, few retailers were able to integrate the credit application process into their point-of-sale systems. Those that did often needed separate links to each credit source, which took a lot of time and expense to build.

“What retailers want is one solution

that links them to multiple sources of credit without having to integrate links to all the various sources,” Filak says.

In some cases, having links to multiple credit sources allows retailers to have lenders compete on rates or approvals.

“Retailers will often move most of their credit applications to the credit source that gives them the best rates or the highest approval rates,” he says. “They can also use this to test different types of credit offerings such as offering special promotional rates in some stores and not offering them in others so they can see the difference. This gives them more flexibility in their credit offerings.”

## EXPANDING OPTIONS

NewComLink has relationships with a number of major retail secondary credit lenders that its customers can use. Retailers can also link to lenders with whom they have existing relationships. “In most cases, when retailers come to us, they use our lenders,” Filak says. “But sometimes they have existing relationships with lenders that they want to keep, and we can get those lenders onto our platform.”

It typically takes between three to six months to get a retailer onboard with the NewComLink system. “Integrating credit approvals into point-of-sale systems can be complicated and you can spend years getting a lot of [individual] links in place,” Filak says. “It is easier to implement our solution which has much of the integration already in place.”

A number of retailers are looking to change credit approval systems at POS alongside changes to improve security or implement smart card acceptance, Filak says.

BrandsMart tested the NewComLink system for about nine months with one secondary lending source and has since begun adding additional lenders. Ultimately, the chain wants to be connected to four or five different lenders so that it can match each credit application to the best deal for that particular customer.

“NewComLink provides us with a highway of sorts to our credit sources,” Sinewitz says. “Once that highway is built, you can easily make changes by adding more credit sources or changing them, and it is not a complicated process.” **STORES**

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