

Vehicle Service Contracts and Warranties Sales and Marketing Overview

Industry dealer and customer surveys, independent consultants and many trade publications suggest that there are **FOUR** main factors that help car dealers to select vehicle service contract or vehicle warranty providers.

Those **FOUR** factors are reported to be vehicle coverage, costs and affordability, claims service and stability. Well-established service contract and warranty companies incorporate these factors into their programs to best protect and service their dealer and their customers.

1. **COVERAGES** – Look for what are the specific coverages, what are the exclusions, are the coverages defined clearly in writing, and compare the range of coverages to ensure that your customer receives value.
2. **COST/AFFORDABILITY** – Verify that there is a range of coverage plans and options that fit your typical vehicle inventory. Look for major road services packages on vehicle service contracts and rental car or towing allowances, on product warranties or limited warranties. Ensure that you can offer price options that will be affordable for your customers, and make money for your dealership. Be able to select the right warranty for the vehicle.
3. **CLAIMS SERVICE** – Become informed about the claims process and how it works. Ask about the experience of the claims staff, claims performance and what guidelines are used to service customers. Some companies will furnish survey letters to demonstrate claims performance with actual customers.
4. **STABILITY** – Look for assurances that the vehicle service contract or warranty is properly insured and reinsured. Ask about the A.M. Best rating of the insurer(s). Ask about the experience of the company and the number of years in business.

Why Sell Service Contracts or Warranties?

1. Bridge the “Confidence Gap” with customers, build trust with your customers and sell confidence and value with the vehicle.
2. Service Contracts are up-front “Solution Selling”, solve today what can be tomorrow’s vehicle repair and service problems.
3. Add value to the vehicle purchase. Many customers expect coverage should their vehicle break down.
4. Make every deal better. Service contracts are a profit center that generates more money (Many dealers average \$300.00 to \$500.00 additional profit per vehicle as additional back-end profit). Are you missing profits?

Tips To Make Service Contracts and Warranties Work In Your Business

1. Develop a sales presentation that incorporates service contracts and/or warranties. Tell your customers the story.
2. Meet and greet every customer as a service contract or warranty prospect.
3. Qualify the customer for a vehicle or vehicles, and then present it to every eligible customer early on and/or when you close the deal.
4. Use the customer brochures and support materials to assist them in making an informed decision.
5. **MAKE** service contracts part of your "Sales Process."
6. Incorporate vehicle service contract and warranties into your overall marketing including business cards, newspaper and print ads, vehicle displays, your website and email business.
7. Include vehicle service contracts and warranties in the price of your vehicles. Incorporate a base priced coverage, and sell up should the customer want additional coverage.
8. If you have a repair facility, you can bring your customers back to your facility for repair service work and additional profits.

Sales Tips That Work With Customers

1. Customers buy vehicle accident insurance, homeowners insurance, life and health insurance. **Present** vehicle service contracts and warranties as the solution to "insure" protection for future repairs and breakdowns.
2. Customers want to know about the cost of the coverage. **Show** the cost as a monthly or a daily amount, or as part of the monthly vehicle payment. **Make** the coverage affordable in the customer's mind.
3. "I can provide repair/breakdown savings to you with our vehicle service contracts. You are buying future repair costs at today's prices."
4. "My service contract company takes care of my customers 24 hours a day, 7 days a week all across the country." "You buy vehicle protection for your vehicle and that protection and service is available while you are on the road."
5. "We sell good quality vehicles that are serviced, but breakdowns can occur." "Should they occur, we like our customers to have the assurance that protection is there when they need it."
6. Interest building questions are:
 - Have you enjoyed the protection and coverages of a vehicle service contract?
 - Have you experienced breakdowns and costly repairs with other vehicles?
 - Are you interested in reducing your vehicle ownership costs in the future by taking advantage of a vehicle service contract?"

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