

Using The Service Drive to Sell Service Contracts

By Tony Dupaquier



In some cases, it is not possible to sell a customer a service contract at the time of delivery. However, this does not mean that there is no other opportunity to build value in the product and sell one. There is a great opportunity to sell a service contract after the initial sale of the vehicle if the dealership is willing to put forth the effort.

The best place to sell a service contract after delivery is in the service drive. First, go to the service manager and have him/her change how repair orders are presented to customers who come in for manufacturer warranty work. In most cases, when a customer picks up a vehicle after having manufacturer warranty work performed, the customer does not realize the value of the work that was done. The repair order states \$0. In customers' minds, the repair was worth nothing. All customers know is that there was a problem with the vehicle, they brought it into your service department, and when they picked it up, there was zero out-of-pocket expense. To fix this problem, have all customer repair orders show the amount it would have cost to perform the repair with a credit for the amount so the balance due reflects \$0.

The cashier should also be trained on how to properly present repair orders to customers. Some simple phrasing that allows the customer to acknowledge how much the repair would have cost can be beneficial in the event the customer does not have a service contract. Have the cashier say, "Mr./Mrs. Customer, your repair today came to a total of \$_____, and with your manufacturer's warranty still in place, your out-of-pocket expense today

is \$0. It's a good thing you have coverage today, isn't it?" To this, the customer will respond positively. Then, have the cashier follow-up so the customer realizes how little coverage is left on the manufacturer's warranty. "In only a few thousand miles, you will be out of your warranty. Wouldn't it be nice to have coverage that would pay for repairs in the event something like this were to happen again?" Customers will respond in one of two ways: If they already have a service contract, they will tell the cashier. If they do not have a service contract, they will likely say that they would like some sort of coverage. If the latter is the case, have the cashier hand the customer a brochure on service contracts and contact a business manager to come to the cashier's window, if one is available.

The service advisors on the lane present an excellent opportunity to sell additional service contracts, as well, however, a business manager needs to coach them on how to do so.

When a service advisor sees that a customer's vehicle is running out of warranty, have the service advisor offer advice or a recommendation to the customer. Do not have them try to "sell" a service contract. For the most part, customers have a great deal of trust in service advisors and will listen to what they say. Train service advisors to say something like, "Mr./Mrs. Customer, I see you have _____ miles on your vehicle. At this rate, you will be out of your manufacturer's limited warranty coverage in only a few months. Are you planning on trading in your vehicle soon?" If the customer says that he/she does plan on trading it in, then get the customer in front of the sales manager. If the customer says no, follow-up with, "Would you like to save money? We have a program here at our dealership that is designed to help our customers save money over the long-term ownership of their vehicles. I am sure that is something you would



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like to look at, right?” The customer will likely answer “Yes” to this question. At this time, the business manager should get involved to show the customer the benefits of having a service contract.

Talking with a customer who is close to expiring the mileage on his/her manufacturer’s limited warranty requires a slightly different approach than a customer who is purchasing a vehicle. The biggest difference is that there are facts working in the dealership’s favor—it is known exactly how many miles a year the customer drives, it is known that the customer will be keeping the vehicle, and it is known that the customer’s vehicle has experienced some form of failure or defect. Use these facts in the presentation.

Draw a simple graph that represents the mileage the customer is driving per year in comparison to the amount

of time the customer intends on keeping the vehicle. Even if the customer plans on keeping the vehicle for only a few more years, this could easily represent 50,000 miles of exposure. In addition to this, if at all possible, put together a complete repair history on the vehicle, detailing what it would have cost the customer to pay for these repairs. If the customer sees the amount it would have cost to repair the vehicle when it was new and still under warranty, it is very easy to justify the cost of a service contract over the long-term cost of ownership. Be sure to use the words “cost of long-term ownership.” Show how the small investment in a service contract can save the customer thousands of dollars in repairs in the future.

Tony Dupaquier is the Director of F&I Training for the Automotive Training Academy, a division of American Financial & Automotive Services, Inc. Tony can be reached at TDupaquier@AFASinc.com or at (800) 967-3633.

