

Return to Seller: Why In-house Service Contract Work Keeps Them Returning to Buy Cars

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As is the case for many of you, my career has taken me to MANY dealerships. A large part of that job is problem solving in order to help my dealers sell more contracts and make more profit!

Not everyone does things the same way, so I like to stand back and watch the (mostly) controlled chaos that defines the dealership of today. Sometimes the issues are subtle and take some consideration, and sometimes the problems are glaring and easily addressed. This is one of the latter.

Over the past few months I've noticed a disturbing trend regarding the sale of service contracts at dealerships. Salespeople—at stores with in-house service centers—are selling VSCs and telling customers to take their vehicle anywhere they want when they need covered repairs!

Salespeople note: you want your customers to RETURN TO YOUR DEALERSHIP for service!

Did you know that 78% of customers who service their vehicle at a dealership also shop that dealership first when they buy another vehicle? That's why it makes no sense to sell, say, a Mercedes Benz, and to send that customer to a Mercedes dealership to have it serviced or repaired!

This is crazy when you consider that this Mercedes dealership will probably have first-crack at *your* customer when they want another car! It's even crazier because you *have* a service center, and you worked hard to sell that car and all of the associated products.

You worked hard to win your customers—KEEP THEM!

Since you have a service department, you should be recommending it to every customer. A good salesperson will even walk the customer to the service center, introduced them to the service manager, and tell them that THIS is the man to call if they have an issue, need an oil change, or have a question about their vehicle.

Further, many service contracts have a 50-mile tieback clause. This was designed to encourage the customer to return to your store for service because, if the car breaks down within 50 miles of your dealership, the contract covers a tow back to your dealership for repair work. This is an advantage for you in selling the vehicle...but it's also an advantage for your customer, and worth sharing. Repairs are expensive and the elimination of the towing fee makes a big difference in people's budgets.

Of course, there could be circumstances in which the service department is unable to perform a repair. ***This does not need to be shared with the customer.*** If the dealership cannot repair the car in their service center, their service manager should accept and sublet the job to the necessary repair facility. By taking the car to the alternate repair facility themselves, they eliminate the other shop's interaction with your customer. This prevents that garage from attempting to take advantage of, and profiting from, the service contract that *you* sold. It eliminates the competition's opportunity to create a laundry list of repairs just because they see your service contract; and prevents them from upsetting your customer. This practice also keeps your costs down, drives work to your service department, and, most of all, protects your customer. After all, you worked

so hard to close them! Bring them back to *your* store where *you* can maintain control.

Bottom line; use your service department to do three things:

1. **Drive profits** - Do work in your own service department—don't give it to "the Mercedes store down the street."
2. **Keep customers repair costs down** - Don't let the competition pick your cars apart and give *your* customers a laundry list of repairs.
3. **Protect your most valued asset; the customer** - These are your customers, that you've worked really hard to close. Don't send them to shop down the street next time because *that* dealership's repair facility is already doing the work on the car *you* sold them.

Remember—a repeat customer is much easier to work with than a first-timer. The more times you sell to the same customers, the more they trust you. The more the customer trusts you, the easier the sale gets. The easier sale gets, the more profits grow. And *then* they send their friends and family!

The profits you save can be your own!

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