

Pre-Paid Maintenance The Time is Now

By: Bill Kelly

THE QUESTION IS; TO OFFER A PRE-PAID maintenance plan or not? It is a good question and one that every agent should be asking their dealers. When you look at the statistics it is pretty easy to determine that every dealer needs to find ways to get their customers back in the service department.

Every time I see the stats they are the same: 76% of customers that service with a dealer outside of the manufacturer's warranty period will return to give that dealer a shot at selling them another vehicle. There was a time that people wouldn't think about going anywhere but the dealership to have their routine maintenance performed, but that was a long time ago and since then a multi-billion dollar industry emerged in the quick lube business.

The thing about the quick lube business is they are also getting the service work that the dealers used to get. That means those customers are up for grabs when they are in the market for their next vehicle, so using a customer retention tool such as a pre-paid maintenance plan will help your dealers take better care of the customers they have worked so hard to get – and keep them from shopping with the competition before their next purchase.

Pre-paid maintenance plans are becoming so popular that the manufacturers are now pushing them because they know that if they can keep the customer servicing at their branded dealerships those

manufacturers will retain that customer. They are even starting to, or have already moved, to customer retention as their indicator on how a dealer is performing – even more so than CSI.

So, now that you know you should be looking at adding a pre-paid maintenance plan to your product mix, if you don't have one already, what works? Ideally, dealers should build their own plans with the help of their agent. That will drive customers back to their facilities, and highlight the specific areas each dealership wants to focus on. Also, the manufacturer programs will allow your dealer's customers to use the plans they bought in competitor's service department, so the little extra cost to have a dealer-branded plan will pay off many times over versus simply using the manufacturer's one size fits all program.

Once your dealer chooses to have a pre-paid maintenance plan, they need to decide whether a pre-load program that can be upgraded is the right option, or should they offer a stand-alone program? Either option is good, it really depends on what the dealership is trying to accomplish, and this is where you, as an agent can help them identify the path that best suits their needs. The pre-load programs help dealers differentiate themselves in the market place, while a combo approach helps a dealer build value, offering the customer a significant savings for prepaying for their basic maintenance at time of sale.

The key to any pre-paid maintenance plan being offered at the time of sale is to keep it simple; the object is to

get the customer into your dealer's service drive, and let the professional service writers take it from there.

What we are trying to accomplish with any pre-paid maintenance plan is to introduce the customer to the service department, and to show them that our dealers can be quick and are price

competitive. We are trying to educate that customer that the dealership really is the best place to service the vehicle, and not just during the warranty period.

Dealers need to retain that customer in their service department once that warranty period has expired, and the use of a pre-paid maintenance program that extends past the manufacturer's

warranty is a pretty good way to help your dealer's customers form a habit of returning to the dealership.

Bill Kelly is a partner at Automotive Development Group LLC out of Minnesota and has experience offering maintenance programs and building custom programs for his dealer clients.

