

## Increasing Profits in Challenging Times

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The current declines in automotive units are affecting everyone in the service contract segment: administrators and agents, marketers and automotive dealerships. One way to counter this trend is to offer a sound payment plan for your customer targets and to increase the per unit profit by increasing your vehicle service contract sales penetration rate.

Financing is crucial -VSCs are expensive and banks are limiting what can be financed in the auto loan. Consumers are keeping their cars longer and taking advantage of pre-owned vehicles. It's the right time to take advantage of a payment plan program!

There are several areas that your company may take advantage of a payment plan service:

1. Initial vehicle sale
2. Post-purchase direct mail
3. Service department

While it is typical for a dealership to roll in the cost of a vehicle service contract into the vehicle financing, the banking and captive segments are limiting the amount that they will finance. Further, consumers are very "credit-aware" and are limiting the amount of high interest credit card charges they make. This all leads to taking advantages that come with a 0% interest payment plan!

*Let's explore the three areas in which a 0% interest payment plan can help sell a VSC.*

### Selling at the vehicle point of sale

A dealer's F&I department works to market add-on products to every vehicle purchaser – new or pre-owned. In today's banking climate, not all consumers will qualify to include the VSC in their payment. Also, consumers are avoiding increasing their personal credit card loads. This is a prime opportunity to present a 0% interest payment plan to them, for up to 24 months!

### Direct marketing

You may target vehicle purchasers who *didn't* purchase a VSC during vehicle delivery. Consumers know that while coverage is valuable, it can have a higher upfront cost than they'd elect. Market the product with a low monthly payment! It will increase the response, particularly when a consumer enjoys their vehicle and intends to keep it beyond the factory warranty.

### Service lane

Service writers may be able to qualify a consumer for a VSC purchase. For example, they know if the consumer has protection and can develop a "non-sales" discussion with them about their vehicle and how long they intend to keep it. If they are in for a covered repair, they could point out that in the future, they may have to pay – unless they purchase extended coverage. Also, this is a way to secure repair and maintenance work long after the factory warranty expires.

Contact Warranty Finance today to learn more about enrolling in a payment plan program!