

SERVICE VS MAINTENANCE PLANS WHAT SHOULD I SELL?

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In the ever-tightening economy, customers are more intent on expert guidance from F&I managers. The majority of manufacturers offer vehicles with built-in service or maintenance plans, many of which have specific limitations such as period or distance travelled. In order to assist our clients with effective management of their budgetary plans, we need to offer them tailor-made solutions. It's worth planning for a solid tomorrow instead of doing a quick-sell now.

The difference

Service plans offer the client the opportunity to pay in advance for future services, mitigating the possibility of the cash not being available to maintain their vehicles when required. These plans have no repair benefits to the client, as all wearing part replacements or mechanical repairs will be for the client's own account.

On the other hand, maintenance plans effectively offer peace-of-mind by providing all services and mechanical repairs to the client's vehicle, for the duration of the contract. These mechanical repairs run conjunctively and separately from the existing manufacturer's warranty.

Both of these options are available for a range of periods (up to 60 months) and a wide range of mileage, often as high as 220 000 kilometres from date of first registration.

It is vitally important that the choice of the appropriate plan is professionally managed to provide your client with minimal inconvenience when servicing, or having repairs to, their vehicle. These plans are structured to give your client a hedge against inflation and, in the case of businesses and clients with car allowances, a significant tax benefit because the services and maintenance are paid in advance.

In the event that a client is adamant that the offered maintenance plan is beyond their affordability, a service plan together with a solid mechanical warranty may be offered as an alternative. Tax benefits are not applicable in respect of mechanical warranties.

The benefits to your dealership:

- The most important benefit to your dealership is the retention of your customer by locking them into regular maintenance of their vehicles, thereby ensuring a sound third gross income through your workshop and spares department.
- There will be guaranteed payment in respect of all services and maintenance work from the product administrators at retail pricing.
- The quality of future trade-ins from these clients is ensured.
- A solid second gross income at point-of-sale.
- Better relationships and rating from financial institutions for assisting with sound maintenance of their assets.
- Improved customer satisfaction.
- Development of a sound refinance client portfolio.

