



TOP TIPS TO WARRANTY SUCCESS

Here is our eight-step guide to making warranties work for you – it’s a thorny area but a lucrative one when done correctly

Selling warranties is a fine balancing act for dealers. Not only do you want to find the most efficient and effective way of selling them, but you also have to comply with the latest stringent FCA regulations, meet the customer’s needs and make them as

easy as possible for the customer to purchase. While there are many pitfalls to avoid, there are also opportunities to sell if you can do it well. Here are eight tips on how to improve warranty sales and customer satisfaction and retention, as well as maintaining best practice at your dealership. ➔

IMPROVING YOUR PITCH

There is always room for improvement when it comes to polishing up your sales technique, particularly in respect to selling warranties.

David Parrondo, deputy managing director of Mapfre Warranty, said that it is important to introduce extended warranty options when discussing the cover that is included with the car purchase.

“Recent research has shown that customers expect to have warranty cover on

vehicles and feel it is an important part of the sale,” he said. “Therefore warranty should not be treated as an afterthought since it is an important part of the purchase decision.

“It is imperative that customers understand the protection they have and additional cover offered, including what is and is not covered, as part of a dealership’s ‘treat customers fairly’ initiative, and to ensure expectations are met.”

TREATING CUSTOMERS FAIRLY

Under FCA regulation, the dealer is required to treat customers fairly throughout the sales process of any financial products, including warranties.

Parrondo said that the best way to treat customers fairly is to understand the customer’s personal circumstances by appropriate qualification and fact-finding.

“For advice on complementary products to be suitable it needs to totally take into account these circumstances,” he said. “Any information or brochures

supplied also need to be clear and easy to understand so when a customer leaves the dealership, the sales executive can be confident they are totally aware of what they have purchased.

“This will build trust in the dealership and lead to enhanced customer retention.”

He added that putting customers first when designing the sales process will ensure that principles of treating customers fairly are met and enhance the customer experience.

PUTTING YOURSELF IN THE CUSTOMER’S SHOES

Too often there is a disconnect between the dealer and customer when it comes to offering and promoting extended warranties.

Customers want, and value, warranties that provide an extensive level of coverage, whereas dealers often see an extended warranty as a necessary part of the sale that needs to be provided.

AutoProtect director Nick Wake said that dealers can benefit by looking at it from the customer’s perspective, recognising you can build greater value for both parties

with a positive and practical approach to introducing high quality warranties and by explaining them in detail.

He recommends:

- Reducing dealer exposure from either their ‘own pot’ scheme or minimal cover
- Boosting income by converting customers from limited complimentary cover to the higher level of cover that they need
- Reducing remedial work claims
- Increasing customer satisfaction and enhancing customer advocacy

≡ EXPLAINING THE PRODUCT THOROUGHLY

Warranties can be hard for customers to understand at the best of times, so you need to explain to them in the clearest possible terms.

Car Care Plan's CEO Paul Newton recommends four steps to help the customer through the process:

- Avoid jargon and complex graphs and statistics, and keep it simple to allow them to make an informed decision
- Explain the benefits and exclusions on the policy, such as age limits, service and maintenance require-

ments, and mileage limitations

- Ensure the customer knows exactly what type of warranty they are purchasing, whether it is a personal, extended or manufacturer's warranty, and explain the benefits and restrictions on each to help them make the right choice
- Discuss any other cover they may be considering that the warranty overlaps with and how other add-ons may complement it, including roadside assistance and GAP insurance



CUSTOMERS WANT TO KNOW WHAT'S COVERED AND WHAT'S NOT; THEY DON'T WANT TECHNICAL JARGON

**LIZ GRINDELL,
ALLIANZ
WORLDWIDE
PARTNERS UK**

≡ RETAINING THE CUSTOMER AFTER POINT OF SALE THROUGH MARKETING MATERIAL

Because of the complex nature of warranties, understandably many customers will want to do their own research before making a final purchase decision.

Grindell said that providing take-away marketing material in the dealership that provides useful information about the warranty, not just a superficial overview, works well in this situation.

"Our consumer research shows that customers

want to know what's covered and what's not; they don't want technical jargon and they want to understand the warranty price in perspective to the potential cost of claims," she said.

"While this last point can be seen as sensitive by dealers, carefully worded marketing materials can deliver balanced, customer-friendly information leading to transparent dealer/customer relations and improved sales."



≡ TRAINING YOUR STAFF THOROUGHLY

Training is an important part of the warranty sales process and should be maintained on a regular basis with frequent testing to ensure that staff are fully qualified to sell warranties.

The Institute of the Motor Industry provides a Finance & Insurance Accreditation that covers this, including treating customers fairly.

Sean Kent, sales director at the RAC Dealer Network, said that giving the sales team the right

skills ensures they have confidence in the products. Not only do they then fully understand all of the features and benefits but also the key limitations too.

"Setting the customer's expectations is critical to the FCA approach and the best way to do this is through staff knowledge," he said.

"The marketing material we provide is an important element as well, because it assists the dealer in explaining these points."

≡ MEETING CUSTOMER WARRANTY NEEDS THROUGH YOUR WEBSITE

Traditionally customers buy warranty products through the dealer's sales team, but with the increased use of mobile phones and tablets, customers are now going online to do their research first.

Liz Grindell, head of warranty and insurance products at Allianz Worldwide Partners UK, said analysis of Allianz's online sales platforms confirmed customers prefer options such as 'what's covered' tables, FAQs and jargon buster glossaries over

pages of detailed text online.

"The worst internet experience is leaving a site feeling like it has not delivered the information you wanted," she said. "Put yourself in the customer's shoes – what would you want to see to formulate a warranty decision?"

She added that asking friends and family from outside of the motor industry to review online warranty wording can help ensure it's clear for customers.

≡ INTRODUCE IT EARLY IN THE SALES PROCESS

All too often, selling a warranty can be an afterthought at the end of the sales process once the car has been sold and financed.

Louise Wallis, head of business management at the National Franchised Dealers Association, said dealers need to introduce the warranty at the start of the initial conversation so the customer can fully consider it before making a decision.

"Often it is just an afterthought – the customer has already bought the car and the finance and then the salesman asks if they would like to buy the warranty as well," she said. "But by that point, the customer may either not have the resources to buy that product or not be interested, and may just want to get out of the showroom and drive away with their car."