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Helping cash-strapped customers foot the bill

As the cost-of-living crisis continues to squeeze motorists' budgets we explore the tools that could help improve affordability and retention

As consumers are coming under increasing financial strain from soaring inflation and the cost-of-living crisis, so car dealerships are stepping up to help them through these challenging times.

Rather than hitting customers with major repair bills when they come in to collect their vehicle from a service or maintenance, dealers are allowing them to spread the cost of payment over several months, interest-free using finance companies such as Alpha and Bumper.

Similar to the 0% motor finance deals offered by dealers, as consumers become more familiar with these 'buy now, pay later' products, so their adoption has increased, particularly as the vehicle's age advances and it requires more maintenance.

This is also enabling motor retailers to

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JACK ALLMAN, BUMPER

bring home a positive message of affordability in their marketing communications with consumers, which, in turn, is boosting their reputation at a time when many people are struggling and need all the help they can get.

Bumper is a service that enables consumers to spread their vehicle repair cost over monthly repayments interest-free. Customers can split their bill up to a total of £5,000 over one to six payments.

After entering their postcode and vehicle registration, they can secure a credit limit which can be redeemed in a partner dealer or garage for work that needs to be carried out.

Jack Allman, chief commercial officer and co-founder at Bumper, says the service has been largely digitalised to make it easier for consumers to use, without the need to speak with a service advisor or visit a dealer.

By integrating its product into retailers' platforms including online service booking, vehicle health check (VHC), video and dealer management systems, customers can choose the work they want to be done, where and when at their convenience, he says.

"When they need a VHC done, they will receive a report of what is due and it's all priced up," says Allman. "At that point, they will be offered the chance to spread the cost of the work required.

"This gives them the confidence to know they can get the work done and be able to afford it by paying it off over a timescale that suits them."

Allman says there had been a surge in uptake during the COVID-19 pandemic and again now that the

Spreading costs is one of the ways dealerships can support their customers



SPOTLIGHT: AFTERSALES

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Cost-of-living crisis is starting to hit people's wallets. In the past nine months alone, he says that engagement with the sites Bumper works with has more than doubled, while the average age of the vehicle being repaired has also gone up significantly to six-and-a-half years, driven by the current microchip shortage and new car supply issues.

"People are clearly hanging onto their vehicles longer," says Allman. "Therefore, because of the (increased) age, the cost of repairs is more significant than on newer cars, and that's where customers are seeking more flexibility to be able to meet the payments."

Allman says customers are also more accepting of paying a large repair bill if it is spread over several payments. That is reflected in Bumper's Trustpilot average review scores of 4.9 out of five, he adds.

Umesh Samani, co-founder of the Independent Motors Dealers Association and owner of Specialist Cars, says it is important that motorists get their vehicles serviced and maintained regularly to ensure they are safe. But he adds that they may decide against it because they haven't got the money to get it done.

"Often customers will skip a service or tyre change because they haven't got the funds to do it," says Samani.

"But they need to (do it), not only to keep the vehicle running at its optimum, but also for safety reasons."

To help keep costs to a minimum for the customer, Samani shops around for the most competitive parts on price, but without compromising on quality. He has also been promoting the benefits of using 'buy now, pay later' services such as Bumper, which his dealership partners with, using videos on social media.

"We are trying to be more proactive by telling the consumer that these services are available to be taken advantage of, before they come into the dealership," says Samani. "And they seem to be appreciative of the fact they can get the work done at their convenience without having to worry about paying everything on the spot."

Will Blackshaw, director at Blackshaws Alnwick, introduced interest-free payments for repairs two years ago. It also runs service plan schemes and extended warranties, particularly as people are keeping their vehicles longer.

He also offers MOT insurance to cover against the costs of repairs or replacement of parts, including labour and VAT if a vehicle fails the test.

"It's a win-win all round," says Blackshaw. "We know from research that customer satisfaction is higher when the customer is on a service plan, and we would like to think that the same is true if they are spreading the cost of repair bills and using MOT insurance."

Graeme Potts, chief executive of Eden



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UMESH SAMANI, SPECIALIST CARS

Motor Group, says he regularly checks his rates against competitors to ensure his group remains competitive. He also never adds extras to an original quote for work that needs doing.

"Our bills are entirely inclusive for what we quote," says Potts. "We have always stood by the fact that we will never over-describe or oversell. For example, we will tell customers about any advisories from a VHC and then follow up with a reminder in case they are now in a position where they need to do it."

Kirk Franks, head of national sales at Alpha UK, cautions, however, that robust finance affordability checks must be carried out to protect the consumer.

He says that this was particularly important given changes in the macro-economic environment or in an individual's personal circumstances.

"It's a sensitive, but vitally important, area in terms of the relationship with a customer, hence it is a focus area in the Institute of the Motor Industry's accreditation scheme for finance and insurance sales specialists in order to ensure staff engage effectively and confidently with consumers on the subject of affordability," says Franks.

"Finance lenders have the responsibility of assessing consumers' ability to make repayments across the short-, medium- and long-term."

ALEX WRIGHT



Customers are happier to have work carried out on their vehicles when they don't have to pay in one go

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