

DIRECT CONTACT: Selling warranties at the point of sale is a major advantage for dealerships

Sales advantage

The warranty sector is attracting a lot of competition from online suppliers but face-to-face contact in the showroom is a major advantage for dealership sales staff

John Kirwan

The extended warranty market for used cars is now attracting a lot of competition from online companies going direct to consumers. A quick search on Google reveals a plethora of companies trying to grab dealers' business. So, what should car retailers do? It is not all gloom. John Saleh, head of field operations at Car Care Plan believes that dealers still have a lot to offer when it comes to warranty sales and can fight off the online competition.

"The best way for a dealer to counter the online provider is to ensure that warranty features within their sales process. Most used vehicle customers still ask that age old question, 'how long is the warranty' which does show that they still value a warranty and see it as an important part of the overall transaction.

"This is the best time to introduce an extension to that initial free of charge period, because it is at this point that the dealer can deliver a professional presentation, and ensure that the customer fully understands the benefits, as well as the full terms and conditions of the warranty that they are offering. It is not an experience that the customer could enjoy online," he said.

Justin Woodman, vice president at The Warranty Group, believes that as extended warranties usually form an integral part of the used car sale, the completion is not as threatening as it might be.

"A warranty of some kind nearly always forms part of a used vehicle sale, providing customer security and protection against unforeseen issues with the car, so there is no real threat from online operators there.

"Where there is more vulnerability is with extended warranties. However, over many years, dealers have

become very good at offering the right enhanced product in terms of cover and price at exactly the right point in the sales process. This works well for them and for their customers.

"So, while it would be remiss to ignore online warranty providers as they should take all competition seriously, dealers are still very much in the best position to provide the desired warranty solution, providing they are offering a strong solution and can frame its benefits successfully."

AutoProtect director Nick Wake, also believes dealers can do a lot to neutralise so called disruptors.

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"Every market provides the potential for market disruptors to gain a foothold and the warranty market is no different. Disrupters typically emerge because their offers are easy to access, transparent, cost effective and because they address a perceived flaw in the established market.

"Online warranty offers typically address perceived shortfalls in the clarity and scope of traditional warranties head-on. It is for this very reason that we have worked hard with our dealers to ensure that the breadth and processes associated with a warranty are clear online and in the showroom. It is fair to say that this process has encouraged many more dealers to switch to a wholly more customer-centric approach."

For Liz Grindell, head of warranty at Allianz Global Assistance, the key is clear communication whatever the medium used.

"We reach existing customers and prospects through a variety of channels to drive awareness of the product and to generate sales. Extended warranty is a complex product. We constantly explore new ways to ensure dealers have the best tools to promote it and for our manufacturers' customers to have the best possible experience when purchasing online via our client websites. Jargon-busting FAQs, videos and infographics are particularly in demand and effective," she said.

Nick Franklin, head of new business at MAPFRE Abraxas also argues the case for face-to-face communications at the point of sale.

"Online warranty providers are indeed growing but we believe point of sale still remains the most opportune time to present warranty, allowing the customer to make an informed decision. Despite general consumer habits moving towards an online purchase model, customers are still keen to have face to face interaction. Someone in the dealership that is product conversant and can clearly outline the full features, benefits and exclusions in a compliant and effective manner will gain the customers attention rather than an online proposition. Dealer point-of-sale is the opportunity for consumers to raise questions and dealers to underline their expertise."

Robert Dockerill, CEO of Autoguard Warranties also believes that dealers have an advantage over online companies. That personal touch does not migrate easily online.

"Although there are many companies selling warranties online, we believe customers do prefer to have a face to face contact and discussion about warranty and other products, rather than risk an online purchase. Although the FCA and other bodies are trying to support distance selling more and more, customers still prefer to buy major purchases with a personal touch," he said. **MT**