

# SPOTLIGHT:

## AFTERSALES

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# Never a more vital time to get aftersales right

With dealerships aiming to regain financial ground lost during the pandemic, the importance of aftersales cannot be overstated



### TIME TO THINK LEAN

DEALERSHIPS CAN IMPROVE  
PRODUCTIVITY, QUALITY AND DELIVERY  
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# Want to improve workshop output? Time to think lean

Dealerships can improve productivity, quality and delivery times while also reducing costs

**F**ranchised dealerships are coming under increasing pressure to find a profit wherever they can and that has only been exacerbated by the COVID-19 pandemic.

A major income stream is aftersales, making the need to optimise workshop capacity more important than ever in the push to adapt to the so-called 'new normal'.

There is already plenty of low-hanging fruit such as tyres, brakes, suspension and wear and tear items, all of which are predictable and high-margin business, and account for around 70% of total revenue, according to AM100 vehicle health check (VHC) inspection data.

However, this work must be balanced with

continuing to ensure they meet the needs of loyal customers, who may, on occasion, require an emergency repair or extra maintenance work picked up during a service or MOT.

According to research by automotive after-market intelligence provider GiPA, at the end of March, just 47% of workshops were open and, on average, those open were only operating at 68% capacity.

So how can dealers optimise workflow while maintaining extra capacity, and what tools, techniques and technology do they have at their disposal? How can they speed up and make the process more efficient? And what steps can they automate?

A key technique dealers can use to drive workshop efficiency is lean retailing. It works

by devising a plan to improve a particular process, trying it and then checking it to see if it has worked, and if it hasn't, attempting another method.

John Kiff, lean coach at Lean Auto Retail, a pioneer in the concept, said that by adopting the lean approach, which began with Toyota in the 1980s, dealers can vastly improve workshop productivity, quality and delivery time, as well as reduce costs. To achieve this, he said that they need to identify the problem they want to resolve and then map out the key stages and delays in the process.

"For each step, ask where it is not going right first time or where it takes too long," said Kiff. "Then ask what would 'good' look like and what would 'better' look like, focusing at the details of the problem, and come up with ideas to eliminate or at least reduce the waste, at no-cost or low-cost, then test them."

Taking used car preparation as a prime



example, Kiff said that making sure dealers know exactly what work, parts and skills are required by talking with the customer over the phone beforehand is key to making the process more efficient and eliminating time and costs, such as the need for courtesy cars. Then they need to plan the workflow, detailing exactly what is going to happen at each stage, he said.

"The next step is to draw the process as it actually happens, with warts and all problems and delays," said Kiff. "This allows all who are involved to share a common view of the process and its problems."

Once the work required has been established, dealers need to segment it, for example, by servicing, repairs, tyres and diagnosis, said Kiff. They must also try to prioritise predictable work, such as pre-delivery inspections on new vehicles and first year servicing, so they can use their time more effectively, he added.

"By determining the work you are likely to need to do using the data you have on how long it takes for particular jobs, you can be as productive as possible," said Kiff. "The more jobs you can get right first time, the more happy customers you are likely to have."

### CONVENIENT APPOINTMENTS

Go Vauxhall successfully adopted the lean approach with the launch of its Express Service which allows customers to book a convenient appointment time, where their vehicle will be serviced, washed and vacuumed in one hour, or 30 minutes for an MOT. The standard VHC is carried out, on average, in 14 minutes, enabling

the receptionist to provide the customer with a range of options if additional work is required, including waiting, taking a courtesy car or scheduling another appointment.

Stratstone's aftersales director Gavin Ruddick, who has written a paper entitled *The Connected Future of Aftersales*, divides workstreams into predictable, semi-predictable and unpredictable categories to determine skill-sets required. By adopting this model, he said dealers can make productivity gains of between 8%-10% across the workshop.

"Because you are servicing more predictable work more productively and you have got the right skill-set for each job, you are being far more efficient and freeing up capacity for additional tasks," said Ruddick. "It also enables you to plan and focus on more lucrative work."

By adopting a connected aftersales retailing model, dealers can greatly improve workshop predictability, enabling more targeted bookings, repairs and maintenance; thus reducing costs, increasing operating margins and allowing staff to be redeployed on more important jobs, said Ruddick.

This includes optimising the use of integrated self-service technology to streamline the workshop process through tools such as automated check-in and inspection, and tracking vehicle progress with a virtual job card, he said.

"All of this requires a greater degree of awareness, priority and utilisation of connected vehicle data," said Ruddick. "Aggregating this intelligence together allows all accessible data to be utilised through event-driven, preference-led device-interconnected engagement."

The biggest stumbling block, however, said Ruddick, is getting staff and management buy-in because they have been used to doing the process a certain way for years. Key to that is helping them to understand the new approach and its tangible benefits, he said.

"It's about taking them on the journey with you," added Ruddick. "And it's even more important than before to be as efficient as possible given the current pandemic situation."

### DATA AGGREGATORS

Karl Davis, managing director of Coachworks Consulting, said dealers need to focus their aftersales marketing spend on loyal customers and those likely to make a booking. By using data aggregators, they can identify their core clients, he said.

"Retailers are currently having to do more with less resource, so how resource is going to be deployed has to be carefully planned and backed up with solid support and preparation," said Davis. "The obvious time wasters like poor work descriptions on job cards, searching for the vehicle because the parking bay number wasn't noted, parts not being pre-picked or not in stock and slow authorisation of identified work kills efficiencies."

Dealers can also improve efficiency by upskilling call centre and booking clerks, said Davis. Also, by re-conditioning job cards, workshop controllers and master technicians can help to identify additional labour and parts requirements, he said.

One of the biggest hurdles to implementing many of these procedures, ➔





### SPONSOR'S COMMENT



**By John Saleh, Head of Field Operations – CCP Products**

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aftersales provider should give you the best service, the best products and a wide range of options to make motor aftersales a breeze, Car Care Plan is the natural choice for motor protection.

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however, is social distancing, and the need to sanitise surfaces and use personal protective equipment. To overcome this, dealers will have to adapt many of their processes to make sure they comply.

Another inefficiency identified by Marketing Delivery research is that dealers only capture full and accurate data for 63% of aftersales customers, including contact details and the next MOT or servicing date. This is even more important now given millions of MOT dates have had to be pushed back during the lockdown.

"Full and accurate customer records are the key to ensuring workshop bays remain occupied," said managing director Jeremy Evans. "Modern eCRM tools can automatically remind customers when their vehicle's next service or MOT is due, and we work with our workshop customers to address any weaknesses in data collection."

By using available records and contacting customers sufficiently far in advance to advise them when their MOT or service is due, dealers can drive greater efficiency, said Evans. The process should also be automated, he added, with emails and text alerts and reminders sent out according to customer preference.

"It has to be an automated programmatic approach," said Evans. "It's about working out how the whole programme fits together from a practical perspective and the subsequent efficiencies that can be gained."

There are a wealth of dealer management systems that enable motor retailers to keep an eye on inventory, invoicing, enquiry status and schedule appointments. Such digital tools that allow dealers to immediately get in touch with

the customer can also speed up the workshop process, such as CitNOW's Workshop App.

The Workshop App enables dealers to record a 90-second video pointing out any problems found in the VHC which they can send to the customer. This allows the customer to quickly validate the facts, look at the quotation and authorise any necessary or recommended work.

"Clearly this cuts a lot of inefficiency out of the process," said global sales director Gordon Grant. "This is borne out by the fact that 60% of all proposals are approved within 10 minutes and the work can be promptly completed."

Moritz Bedenk, senior consultant – mobility at Frost & Sullivan, said strategies such as prioritising services, and management tools that can help track utilisation targets based on historical values and maintain a capacity for unscheduled events should be implemented. Having performance goals also incentivises technicians to get the work done because they are accountable, he said.

"The second aspect is the proper scheduling of the service that can be optimised with management software which automates individual mechanic schedules and integrates it with lifting ramp capacities," said Bedenk. "Inspection apps like Xtime or Fleetio (available in the US) can also boost the efficiency of the service process."

The sooner dealers come on board with all these new tools and technologies, the more efficient their workshop processes will be. In an ever-evolving world of motor retail, any efficiencies that can be gained, however small, are to be welcomed. **ALEX WRIGHT**



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# Climbing the MOT peak this autumn

Timely reminders to drivers can help maximise workshop utilisation

**By Jeremy Evans, Managing Director at Marketing Delivery**

During the lockdown the UK Government granted a six-month MOT expiry extension for all vehicles with a test due between March 30 and July 31, 2020.

In essence, this will result in a higher than average demand for MOTs from September onwards. Dealers already processing a backlog of sales enquiries are now faced with another challenge to overcome.

**The MOT/plate-change bottleneck**

Workshops can expect an influx of new MOT business as the temporary extension draws to a close. But with significant volumes of naturally expiring MOTs, the

usual number of service bookings, and anticipated high demand around the September plate change, dealer call handlers could face a bottleneck as they address substantial volumes of sales and aftersales enquiries.

It's important that dealers help manage customers' expectations and encourage them to book as early as possible.

Using electronic customer relationship management (eCRM) tools, dealers can automate much of the process, sending out relevant and personalised messages to the right customers at the right times.

Research from Marketing Delivery suggests 60% of motorists are more likely to book a service or MOT with a workshop that reminds them at a suitable time. Programmatic email campaigns make this effortless.

Dealers can communicate with relevant customers several weeks before their MOT is due, for instance. This can maximise workshop utilisation, while helping customers avoid a situation where they are driving around in a car without a valid MOT.

**Ensure aftersales data accuracy**

Dealers can enhance aftersales retention by sharing automated MOT and service reminders with customers – but they need to have the right contact details for customers in the first place.

Recent Marketing Delivery data indicates that 21% of dealers' aftersales customer records don't include an email address and 11% don't list a mobile phone number.

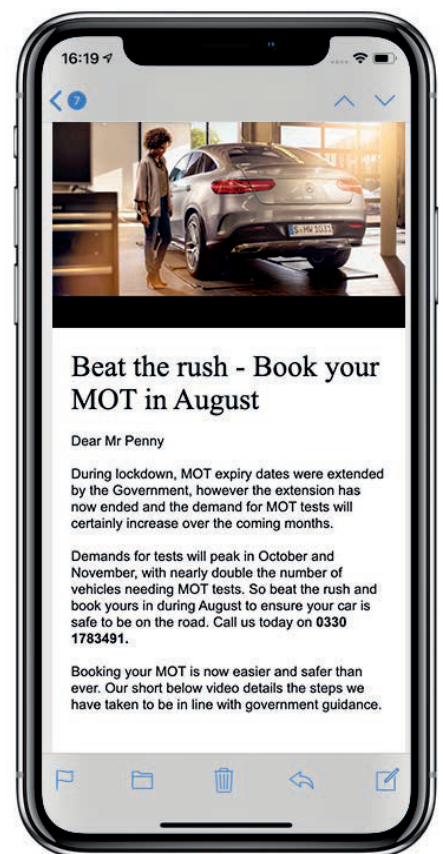
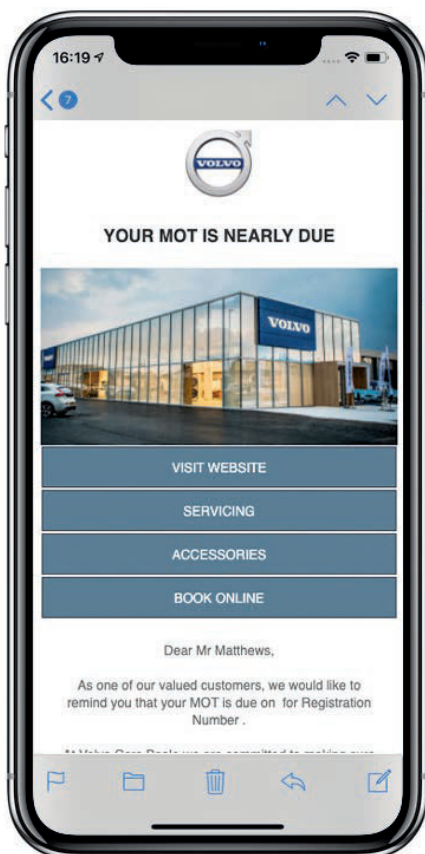
*"It's important that dealers help manage customers' expectations and encourage them to book as early as possible"*

Marketing Delivery works with its workshop customers to address weaknesses in data collection.

Marketing Delivery is working on a new aftersales service for its customers, called MOT Box. The new system will cross-check individual workshops' customer data against the DVSA's MOT database to fill gaps and address inaccuracies.

It will also help aftersales staff create a tailored programmatic email campaign targeting all customers with vehicles more than three years old.

This is designed to save dealers a significant amount of time and effort, automatically identifying potential MOT customers at the click of a button.



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DATA DRIVEN MARKETING



# Time and money value of efficient workflows

Seemingly insignificant adjustments can have dramatic impacts on the bottom line

**P**reparation can make or break an aftersales department and managing an efficient workflow has never been more important as services deferred during lockdown start flooding into garages across the UK.

From booking, pre-call, check-in, electronic vehicle health check (eVHC), authorisation, the servicing work itself, check-out and handover, there is a flow that needs to be maintained to make sure the plates never stop spinning.

Sara Harris, WestWay director of business transformation, said a successful aftersales department is all about time and efficiency. She told *AM*: "We often challenge technicians on their efficiency, but I don't think there has been enough of a challenge on everything that is happening around them."

Adele Williams, aftersales development specialist at consultancy Automotivo, said the correct execution of a successful workflow process can provide every member of the team consistency and confidence no matter what job is booked in.

She said: "Not only does it benefit the internal workings of the department, it also then reflects positively on the customer."

Nathan Tomlinson, Devonshire Motors dealer principal, said that while COVID-19 has changed how customers interact in the service department, once their vehicle is in the workshop, the core principles remain the same.

He said: "In fact, that workflow process has become more important as we now have to recover some additional costs and a little lost time from how we manage the customer experience."

Tomlinson said workflow is where all the opportunity for aftersales is stored, but it's also where all the leaks can happen.

He said: "Looking at headline KPIs is a great way to benchmark against others, but what you can't see is where there is missed opportunity."

"For example, you can have technicians that look great against benchmark figures for efficiency, utilisation and productivity. But, if you watch them throughout the day

you will spot patterns and little hold-ups that happen consistently."

## CHECKING-IN

Some WestWay sites have a third of customers that check-in remotely and this increases to 50% for some locations.

RTC's self-check-in solution sends the end-user an encrypted link to an online check-in portal, where they can review and approve the work to be carried out before handing keys over at a dedicated service point.


Harris is exploring whether a check-out process could be introduced to work in a

similar way ahead of vehicle handover.

RTC has seen some dealerships reach 70% of service volumes through online booking.

Customers expect to be able to book a service online and having a real-time system in place that only offers available slots can help with scheduling and capacity.

For bookings coming through on the phone, Williams said it is essential that those fielding calls are savvy and confident with the products and services available.

This will enable any customers with queries the opportunity to have their questions answered within one phone call, which saves time and money. 



Williams said: "Signposting the vehicle health check and offering videos to help explain any red or amber concerns can also pique a customers' interest."

Receiving notifications for approvals through email or text is now accepted by the majority of customers as the norm.

Harris said gaining approval for work while the vehicle is still on the ramp is the "sweet spot" all service departments should be aiming for.

Williams said a strong eVHC process results in an average value sold of £25, which on 30 jobs per day, equates to an additional £85,080 per year based on a 45% margin (parts and labour combined).

The fact some have deferred servicing due to COVID-19 means dealerships are currently experiencing high demand, but this might not be sustained into Q4.

Automotive data shows that average dealerships have roughly £142,000 of outstanding amber identified work per year, so no dealership can afford to ignore follow-ups.

Williams added: "Without a well rounded eVHC process your aftersales department is throwing away captive profitability."

### THE JOB CARD GOES DIGITAL

A big part of that workshop management process has been the paper job card, which in some dealer groups, is furiously resisting a digital reincarnation.

WestWay has embraced the paperless revolution and, since switching to a digital aftersales process two months ago, the business has already identified 10,000 hours a year it will save technicians and service advisors in reduced admin.

It has installed RTC Automotive's digital aftersales software across its 14 sites.

Rather than using a physical job card, the paperless solution eliminates common pitfalls of the job card set-up, such as repeated reprints of job cards, damage, loss, storage and, potentially, illegible handwritten notes smeared with oil.

Harris said the job card system hadn't changed in more than 40 years and it was acting as a workflow bottleneck.

She said: "By not relying on a piece of paper to track what is going on, everyone at the business can view progress on any job at any time."

"Switching to digital has saved each WestWay technician 20 minutes a day and this means they can spend more time focused on the job at hand."

It has also meant that WestWay service advisors, who have gained as much as two hours back per site per day, can use that time to upsell identified amber work and properly plan for the following day.



Digital job 'cards' allow technicians more time to focus on the job in hand

### HOLD-UPS

Hold-ups in the service bay can represent missed opportunities and even just 10 additional minutes a day across six jobs and 10 technicians can suddenly turn into a big loss.

Tomlinson encouraged dealers to get forensic with the workflow process and to peel back all the layers to drill down and find incremental gains.

Devonshire Motors has a seven-step process that covers vehicle availability, parts supply, identification of additional work, potential for additional work, parts availability for upsell and the team's capacity to complete a job while still finishing the planned work for that day.

Tomlinson said: "Each one has given us a little extra boost and when you multiply that by the number of services per day, week, month and year, the overall effect is significant."

Pre-loading ramps has been a huge boost for Devonshire Motors. Tomlinson explained that, 10 years ago, in order to sell eight hours, a technician would need only three or four jobs.

Today, as many as nine jobs for the same number of hours sold and each job has the potential of costing 15 minutes to get loaded onto the ramp.

Williams said workshop loading has been a topic for debate. As a result of COVID, some dealerships have fewer staff, higher customer demand and technician efficiencies are being pushed to the limit.

She said: "In an ideal world every dealership would like to load their workshop to 100% capacity, however, in a real-world situation this then guarantees the sacrifice of profit."

Williams said pre-loading the workshop by giving technicians a visual representation of the work they have in for the day can greatly increase or decrease their motivation.



“**WITHOUT A WELL ROUNDED eVHC PROCESS YOUR AFTERSALES DEPARTMENT IS THROWING AWAY CAPTIVE PROFITABILITY**”  
ADELE WILLIAMS, AUTOMOTIVO



“**SWITCHING TO DIGITAL (JOB CARDS) HAS SAVED EACH WESTWAY TECHNICIAN 20 MINUTES A DAY**”  
SARA HARRIS, WESTWAY

For instance, if a technician knows they have five jobs for the day they are going to be far more efficient than if they know that they have just two.

Williams argues that having a pile of jobs and allowing technicians to pick and choose what they do will not result in a harmonious team.

She said: "In some dealerships specific service advisors take ownership of the majority of customers."

"This can result in poor time management and non-existent communication."

"Pre-allocating customers to advisors will ensure the workload is fair as well as giving each complete customer ownership."

### PROFIT POTENTIAL

Tomlinson said there are still only a few aftersales managers in the business that truly understand how to run a smooth operation financially.

He said: "It's quite a different proposition to the customer experience or customer service element, and even the technical side of the job. Yet aftersales has the most fantastic profit potential."

Based on eight sold hours and assuming three services are completed within that time, Tomlinson said one technician at Devonshire Motors can generate as much gross profit in a day as £12,000 worth of new car sales or £7,000 worth of used car sales.

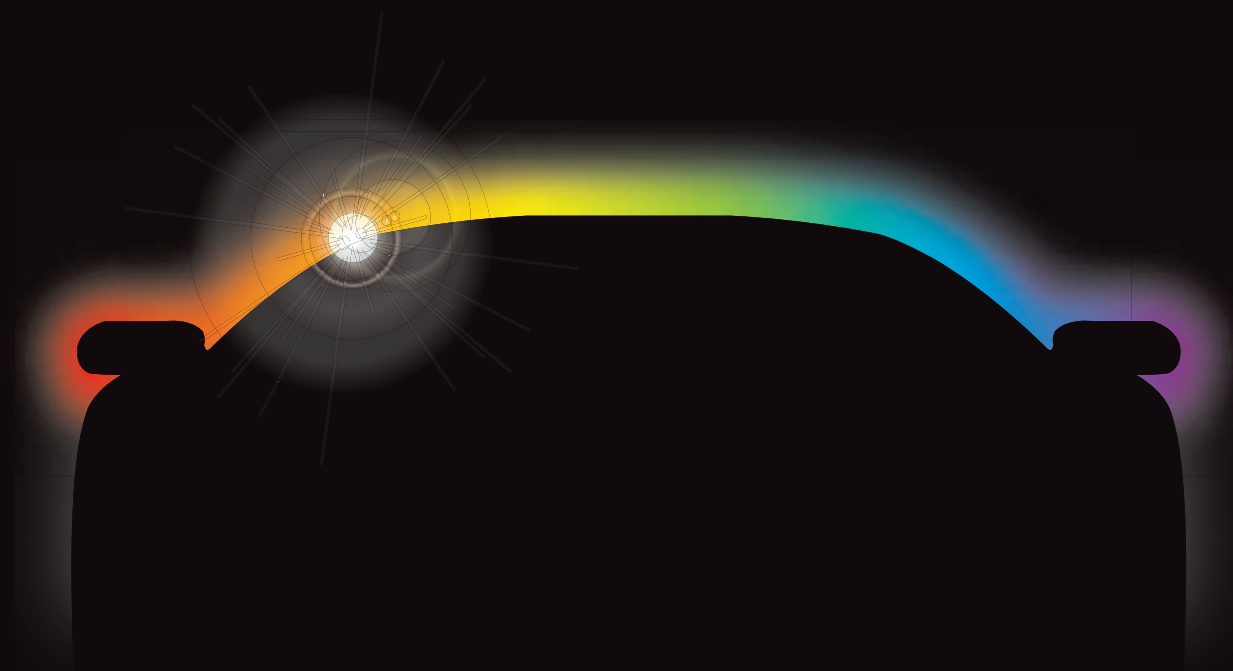
Tomlinson said: "It's an interesting comparison, especially when you consider the number of technicians you have grinding away in your business every single day. These guys are knocking out a very consistent performance."

"People say there's uncertainty in our industry, a changing retail landscape and challenges for dealers."

"I say we have the potential for a great business."

TOM SEYMOUR





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# Supporting our clients

**Car Care Plan's business culture is built on doing the right thing for clients and their customers. Some clients have been with us for more than 20 years**

## **How have you been helping your dealer clients with their new ways of trading in the pandemic?**

As lockdown restrictions tightened throughout March, we made changes to the terms of cover for many of our products, including Warranty, Roadside Assistance and MOT Test Insurance products. These changes ensured that customers would continue to benefit from their cover despite the unusual circumstances and would still receive the high level of service expected.

The pandemic had a significant impact on showroom sales processes. Throughout this change, Car Care Plan has been exploring ways to support our clients.

With many customers feeling uncomfortable spending too much time in the showroom, the streamlining of the sales process (while remaining fully compliant) was a challenge for dealers.

To support our clients with this change, we developed an extension to our customer portal. Once the dealer has taken their customer through their regulated sales process, the customer is invited to a secure portal. In their own time, the customer can run through the product line again, view a product video, study the respective policy documentation, and then finalise the purchase of the product online.

## **What approach do you take to tailoring packages to each client?**

Car Care Plan adopts the view that each client has their own requirements, so prior to the launch of any aftersales programme we conduct a full consultation to gain a comprehensive understanding of the client's specific requirements.

We assess numerous factors, including:

- Their regulatory position;
- Their franchise representation;
- Independent sole trader;
- Used vehicle supermarket;
- Whether they have business managers;
- Their used vehicle stock profile;
- Whether or not they have servicing facilities on site or body repair facilities.

This consultation allows us to develop a programme and product suite unique to their business needs.

## **Dealers need support now more than ever. How do you work with clients long-term?**

We appreciate that our customers are our

client's customers, so our business culture is built on doing the right thing for our clients and their customers. The success of this approach is evident through the length of relationships we have nurtured, with a number of client relationships dating back more than 20 years.

Car Care Plan offers clients a proven development structure that delivers high customer outcomes, including:

- A group-wide programme launch supported by enhanced initial support to ensure success;
- An e-Learning solution for product and sales process training;
- Programme Oversight to ensure compliant selling;
- Regular local and management performance reviews;
- Classroom-based or, more recently, remote video conference class-based, product and sales process training;
- Centralised ongoing modular coaching programmes to enhance sales skills and attitudinal approaches for the sale of value-added products;
- Training how to use the more traditional collateral, such as leaflets, in the journey;
- Digitised assets such as e-Commerce platforms, product videos and digital sales leaflets.

## **What are the key benefits dealers will get by offering your products?**

We deliver outstanding products and services to our clients, partners and consumers. To do this, we place an

emphasis on quality, striving to be best in class in all we do. We want our clients to trust what we offer, allowing retailers to focus on selling cars and products.

- More than 40 years as one of the UK's leading providers of warranty and aftersales programmes has allowed us to develop a market-leading product suite;
- In 2019, we registered more than 1.8 million products across 50+ countries worldwide, all of which are insured by our parent company AmTrust Financial or our in-house insurer Car Care Plan Insurance;
- Our products are trusted by more than 20 major manufacturers and in excess of 2,000 UK dealers;
- Many of our products carry a five-star Defaqto rating;
- Car Care Plan owns one of the UK's leading mobile cosmetic and alloy wheel repairers, Dent Wizard Ventures, ensuring a cohesive claims process between the product insurer, the claims handling team and the repairer.

## **With regulated insurance products, what can you offer to keep dealers' processes compliant?**

Car Care Plan's compliance team is heavily involved in all aspects of product oversight and distribution. The team maintains close contact with the Financial Conduct Authority (FCA) and Prudential Regulatory Authority (along with other industry bodies such as EIOPA, the Information Commissioners Office, and the Association of British Insurers). This ensures we maintain an informed picture of the ever-evolving regulatory landscape. We provide frequent performance and regulatory MI to clients, allowing management teams to maintain control and visibility over the programme.

Where a significant piece of regulation is introduced, our team notifies clients and ensures they understand the necessary changes required to remain compliant.

## **Warranty incidents can be stressful and disappointing for customers. Tell us how you help dealers manage their expectations and smooth the experience.**

The overriding principles of the business are focused on the Treating Customers Fairly initiative.

### COMPANY PROFILE

#### **Key products and services:**

Warranty, GAP, Service Plan, Tyre & Alloy Insurance, Cosmetic Repair Insurance, MOT Test Insurance, Roadside Assistance

**Founded:** 1976

**Based:** West Yorkshire

**Visit:** [carcareplan.com](http://carcareplan.com)



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We place emphasis on our claims operations, striving to make the process as efficient as possible, hiring staff with specific automotive experience to help make the process as clear and seamless as possible.

Many of our experienced claim engineers have worked as service receptionists or vehicle mechanics, capable of handling the many claims we receive daily.

The fact that our claims handlers can "speak their language" ensures a smooth claims process.

**The shift to hybrid and electric powertrains leaves many dealers concerned about their aftersales revenues. How will you help secure their future? What do you see as the long-term opportunity for dealers?**

Car Care Plan is already providing bespoke products to cover hybrid and electric powertrains. We work with a number of manufacturer clients to cover alternatively fuelled vehicles. Doing so allows us to gather intelligence and data on the performance of such vehicles, allowing

us to constantly refine our product offering in this space.

We believe that the future, in respect to electrification, is exciting. We're committed to developing our product range alongside the specific requirements of these types of vehicles as the market for them continues to grow.

**“ THE FACT THAT  
OUR CLAIMS  
HANDLERS  
CAN ‘SPEAK THEIR  
LANGUAGE’ ENSURES  
A SMOOTH CLAIMS  
PROCESS**

JOHN SALEH, CAR CARE PLAN





# Comprehensive solutions for faster and more efficient customer service

Jewelultra identifies your customers' requirements then produces products that can directly impact the bottom line

**A**s we move forward from lockdown, the way we interact with customers has changed and everyone is adapting to a more digitally-friendly and faster-moving world.

During lockdown, at Jewelultra we have invested a great deal of time in developing and diversifying our product range, all designed to support our partners in the bounce back to profit.

While we are traditionally identified as the makers of Diamondbrite, the world-renowned paint, fabric and leather process, our main attribute is we identify with customers' requirements for class-leading products that can be utilised to directly impact on bottom line profits.

With that in mind, we have developed ultravision, an industry-leading video technology app which will greatly enhance customer communication, improve customer satisfaction, reduce downtime in the workshop, significantly increase add-on sales, all of which will impact the bottom line.

With ultravision, the whole process between dropping off the keys to picking them back up, is handled remotely.



**'Offer the customer the chance to have the interior sanitised with Diamondbrite Total Release'**



The car will be inspected using a camera to identify tyre tread depth, brake components and any other items that form part of the inspection.

Any additional items required, will be highlighted and categorised according to importance (e.g. amber, red).

This will then be priced and a quotation will be sent to the customer via text or email along with a video identifying highlighted work.

The customer then has the opportunity to authorise the work by text, leading to a stress-free collection the same day.

In addition to ultravision, we have also developed a full range of sanitisation products which can reduce preparation time, enhance the customer experience and provide incremental profit opportunities.

Total Release is a product that swiftly sanitises the car, enabling work to be carried out immediately.

Many dealerships offer it as an add-on to the car inspection on return of the vehicle, for an affordable price. We also provide a bespoke sanitiser pack which

can be sold on or included as a complimentary gesture.

One of our clients, the JCB Group, includes a complimentary branded pack in all cars sold, a gesture which has been well received by their customers.

Group managing director, Jonathan Bischoff says: "When the Covid-19 crisis hit and Diamondbrite switched production to making hand and surface sanitisers, it seemed the natural thing for JCB to do was to get them to supply a sanitiser pack alongside the usual products we bought from them.

"It is vital our customers and staff are confident our business is doing everything it can to keep the workplace safe and, to enforce this, we give every customer via sales and aftersales a free sanitiser pack and the feedback has been extremely positive."

Between ultravision, Total Release and Sanitiser Packs, Jewelultra provides a comprehensive solution to faster and more efficient customer service, enhanced CSI and, most importantly, increased profit.

For further advice on enhancing your customers experience call 01622 815679 or e mail [enquiries@jewelultra.com](mailto:enquiries@jewelultra.com)



Some dealers are placing increased focus on the service, maintenance and repair work of vehicles more than four years old

# Servicing of older cars will grow in importance

It's a balancing act as newer cars – especially EVs – are requiring reduced maintenance

**T**he zero-to-four-years-old car parc (segment one) is the franchised dealer's typical bread and butter, but older vehicles, especially as advances have made them more reliable, are now providing a valuable source of income for both sales and aftersales.

For Daksh Gupta, CEO of Marshall Group, older vehicles have been a focus for the past two years as the business looks to balance the future loss of aftersales revenue as increasing numbers of motorists opt for EVs with their fewer moving parts and reduced maintenance requirements.

He said: "We absolutely see segment two (cars four-to-five-years-old) and segment three (cars five years-plus) as an opportunity for our group. This is something we have been focusing on for a number of years and placing even more of a spotlight on in the long term with the potential impact on aftersales from EVs."



**WHEN THAT (PCP) CAR COMES BACK, YOU, EFFECTIVELY, HAVE A CAR TO SELL INTO SEGMENT THREE**

**DAKSH GUPTA, MARSHALLS GROUP**

He credits manufacturers with undertaking impressive and successful retention campaigns which is driven largely by three main factors – personal contract purchase (PCP), service plans and connectivity.

PCPs, as an event-ending transaction, provide a crucial opportunity to retain customers with most choosing to repurchase, stimulating new registrations and providing used car stock.

These vehicles can also be funded with used PCPs, while service plans encourage customers to return to aftersales.

Gupta added: "There are a number of brands which are already doing this very successfully and that segment two penetration has been getting better. When that car comes back you, effectively, have a car to sell into segment three."

Meanwhile, the segment two buyers are more likely to take out another PCP to replace their car, creating a synergy of stock and retention for both sales and aftersales.

Longer term, Gupta believes connectivity will prove vital as technology will identify those cars, effectively bringing about the end of three-years-plus cars disappearing at the age when customers would, typically, migrate an independent garage.

The capability of manufacturers to keep track of those vehicles means offers, promotions and communications will help retain these customers in the franchised network.

Competitive pricing with the independents, however, is key, Gupta said: "When you look at gross profit on labour, it's quite high so it is an opportunity we should be eating into over the long term."

Gupta acknowledges challenges around capacity. If reducing the labour rate encroaches on capacity from regular operations it can be counterproductive. But he believes dealers have no choice but to target this market and sees the proportion of their aftersales business increasing 'by a significant amount' in these segments. ➔



◀ He said: "Frankly, if you don't focus on segment three, in about 15 years' time you will regret it because we will see average values of EVs come down. So you have to have a deeper penetration. By focusing on retention now for segments two and three using tools like PCPs, service plans and connected car technology, retention should go up, the average invoice value comes down and the model stays."

With a background of working in manufacturers including Ford, Mercedes-Benz, Audi and Nissan, Mike Thompson, group aftersales director at Group 1, considers service and maintenance for vehicles up to 10 years old an opportunity.

### CUSTOMER RETENTION

He said: "Of course it is easier for the franchised dealer to capture the zero-to-four-year-old car, but we are fully aware of the opportunity afforded by the older vehicle."

"We are pretty good at retaining customers and their vehicles when bought from us as new, but our challenge is to retain those customers who buy used cars from us. We let many customers walk out of the showroom without having discussed service plans, our attractive fixed price for job rates and the benefits of bringing the vehicle back to us for service and repair. It's a big focus for us and is one of the projects we are working on right now."

Thompson said that as the age of vehicles increases, there are more repairs and wear and tear items that need doing.

He said the key is to ensure the transparency to the customer using video to show the issue and then a clear explanation of the implications of not getting the work done.

"We also believe affordability plays a big part so we also offer up to six months interest-free repairs," Thompson added.

With fixed rates for older vehicles primarily led by the OEM programmes, Group 1 is exploring how to offer more value to the older vehicle customer and ways to show that there is no need to look for alternatives in the aftermarket.

Thompson said: "You have to ensure you consider the older vehicle customers' needs and make sure you have a clear communication policy demonstrating how they can be met. Generally, we are not good in the industry at communicating our service offers to customers of older vehicles and, as a result, they often find an alternative solution – we can all be better at this."

Waylands Volvo is renowned for its customer loyalty even among drivers of older models. Customers with all ages of vehicle are included in Waylands' contact strategy with customers treated the same irrespective of whether they drive a one-year-old Volvo or a model that's a decade old.



## DISCOUNTING WON'T BUILD LOYALTY. OFFERING FANTASTIC LEVELS OF CARE AT A FAIR PRICE DRIVES LOYALTY



JOHN O'HANLON,  
WAYLANDS VOLVO

In the experience of chief executive John O'Hanlon, more Volvo customers appear willing to pay for that service and maintenance from franchised dealers.

He said: "As a brand, Volvo has benefited from strong service loyalty even as the cars get older, more than any other brand I have previously worked with (including Mercedes). We understand its importance to our aftersales performance."

"One dynamic that has changed is our gentle pivot to stocking older cars within our used car offering to allow us to offer cars at lower values. With more older cars sold going forward in the short-to-medium term, we would offer these customers service plans within our sales process which should drive retention levels forward again."

While special rates are not offered, Waylands' 'Price Match Promise' is applied to service customers and the group is fully committed to the Volvo Service Promise to provide a personal service and additional benefits such as video health check, free software upgrades and a Europe-wide breakdown package.

O'Hanlon added: "Simply discounting won't build loyalty. Offering fantastic levels of care at a fair price drives loyalty."

Mark Clifton, operations director for Eden Group's aftersales division and Vauxhall Thames Valley, welcomes customers of four-year-plus vehicles and always offers a service plan.

He said: "This, in turn, lets them experience all the benefits of our bespoke service plans including savings on MOTs, parts and labour, as well as having factory-trained technicians working on their cars and having genuine parts fitted."

### MOTs FOR LIFE

The group's 'MOTs for life' offer on all used cars sold ensures a significant proportion of them return for MOT and repairs several years after purchase. The retention rates are impressive at 44% for two-to-six-year-old vehicles and 20% in the six years-plus.

Clifton added: "The benefits are two-fold. Firstly, older cars normally need more repairs due to age and mileage, such as brakes and tyre replacement. Plus, it is an ideal time to show customers our latest range of new and used cars which, typically, have many improvements compared with their current vehicle, for example, lower emissions and fuel cost savings."

Additional benefits include lower prices for manufacturer services for older cars and 0% finance to help spread repair costs.

He added: "My advice would be to welcome older vehicles into your dealerships, show car owners you are the experts for their vehicles and make the customer experience simple and convenient while selling all the benefits of using a franchised dealer." **DEBBIE KIRLEW**



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