

Driving growth in warranty add-on revenues

Even before July's heatwave sent show-room temperatures soaring, dealers were under mounting pressure in the uncertain post-Brexit economic climate.

With margins still in the low single-digits, manufacturers eager to increase their market share, and would-be buyers taking the time to shop around, even the biggest dealership groups need innovative services and products to add value to the efforts of their hard-pressed staff.

So, it's no surprise to discover that Car Care Plan – one of the world's largest providers of warranties, aftersales programmes and guaranteed asset protection (GAP) policies – has enjoyed record business in each of the past three years and is on course for an all-time high during 2016.

Partnerships with more than 40 major and mid-sized groups and more than 2,500 smaller dealers mean its products and services penetrate roughly 65% of the UK market.

The group has also established relationships with manufacturers including Alfa Romeo, Aston Martin, Bentley, Citroën, Chevrolet, Fiat, Ford, JLR, Kia, McLaren, Mercedes-Benz, Mitsubishi, Nissan, Opel, Peugeot, Renault, Toyota, Vauxhall and Volvo. Car Care Plan provided more than one million warranty and protection products to those clients in the 2015/2016 financial year and its contact teams handled more than 500,000 calls in the same period.

Mike Cowling, Car Care Plan's head of products, identifies several reasons for his company's success. "We help dealers and manufacturers improve customer retention levels, increase revenue streams, and develop new and more effective routes to market.

"We also recognise that enhancing the customer

experience must be central to everything we and our partners do," he said.

"We pride ourselves on developing best-in-class solutions, but we're equally focused on helping deliver long-term strategic growth for our clients. When we start working with a dealer, for example, we take time to understand their culture, their goals, their requirements, and their key people.

"Once we are in tune with their mindset, we base our relationship manager in their head office, so they become an extension of the dealership management team. Contact teams and call centres can deliver excellent results in many aspects of a client relationship, but we also like to have people 'on the ground'."

Cowling, who has been in his current role since 2004 and in the industry for 37 years, said sector knowledge and experience underpin Car Care Plan's success. One of the main reasons for its recent growth was its response to the financial crash in 2008.

"Most companies scaled down their field operations, but we decided to do the opposite. We invested in experience, it paid off immediately and it's still doing so today.

"We have 75 field staff at the moment, they're all fully employed, they all work from home and are based in the same area as their clients.

"We're profitable as a business, and we also have the strength of AM Trust (one of the world's largest insurance providers) behind us, so thinking long-term and being willing to invest in the right people, and in the operational sectors where our clients might require support and advice, are second nature."

Car Care Plan's strategy is to assemble experienced teams, covering such aspects as



claims and calls handling, audit services, e-commerce, marketing support and underwriting, and then decide with each client how much – or how little – they need to suit their particular business model.

The group also has in-house specialists, all authorised by the Financial Conduct Authority (FCA) to provide advice on finance and compliance issues.

"Some dealers might just need peace of mind that claims are being handled in a robust and thorough manner, and that every one which is processed is correct," said Cowling.

"A large dealer group might already have in-house audit and claims teams, but need our expertise on setting up a customer-facing e-commerce platform which can operate quickly and efficiently 24/7, and want that site designed and branded to dovetail with their corporate identity.

"Often, our marketing team is asked to work with a manufacturer and its dealers on a high-level campaign, which could be offline, online or direct.



We've accumulated so much expertise working with different brands over the years that we've almost become their marketing arms, which is very pleasing."

Car Care Plan's present product range features MOT cover, roadside assistance, tyre and alloy repair insurance, and protection policies against 'cosmetic' damage to paint and bodywork, as well as latest-generation products to protect paint and upholstery.

However, its core products are, and always will be, warranties, said Cowling. The group's first such product was launched with Vauxhall Motors in 1977, and its first GAP product was unveiled (also with Vauxhall) in 1998.

"We were the ones who introduced GAP to the UK market, which obviously gave us a significant advantage which we've maintained to this day," said Cowling.

"It's been interesting to see how demand for GAP products has developed, especially in the last few years. The new products haven't become substitutes for previous ones, they are being sold alongside, so clients are seeing incremental growth in their revenues.

"Some products, particularly the ones protecting tyres, alloys, paint and bodywork, are clearly proving attractive to motorists who didn't previously have a GAP product – given the much higher frequency of claims – so it's surprising that many dealers still don't sell these additional policies.

"We've created videos for all our products, to demonstrate exactly how they work, and it doesn't need specialist training to realise that the ever-growing number of potholes on our roads has significantly increased the damage done to alloy wheels, tyres and trim.

"We've also always been strong on creating products with good front-end profit, and these add-on sales can only help increase customer retention, but the message is getting across rather slowly to some people."

However, Cowling said one area proving very attractive is Car Care Plan's provision of electronic claims vetting and invoicing, as well as claims apps that help simplify the process for customers submitting claims for cosmetic repairs and alloy wheel repairs.

"When you're the market leader, you can afford to invest in the technology, the support staff and the product development teams required to drive innovations into your model," he said.

"Sometimes a client comes to us and asks if a product or service can be fine-tuned, but usually, we're going to them to tell them about enhancements. We set up claims teams, staffed by engineers with typically 10 to 20 years' experience, and the feedback was so positive we wondered why no one else did it.

"We're now processing close to 700 claims every day through these teams, which will be more than 250,000 by the year-end, which shows how well that approach has been embraced."



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Mike Cowling, Car Care Plan

To see how Car Care Plan can benefit your business, call 0844 573 7500 or visit us at www.carcareplan.co.uk for more information