

Road Hazard – A Must Have on Your Menu

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As business managers, we are always looking for opportunities to protect our customers while increasing our profits and penetrations. So, is there a way to achieve all of the above? Yes, there is with ancillary products! Since ancillary products were developed a decade ago, we have witnessed tremendous growth in the sale of these products, the protection they provide for our customers, and the positive affects they have on customer retention.

All ancillary products are designed to protect customers against everyday occurrences. They are also designed to bring the customer back to your service department, allowing for a greater customer experience and solidifying the importance of services provided by your dealership. Selling ancillary products is a win-win. It should not be a question of if you should sell them, but which ones should you offer.

Another great advantage to selling ancillary products is that dealerships have a multitude of options to consider when selecting which ones would be best for their customer. However, the one product that should be a definite on your menu is Road Hazard Protection, or Tire & Wheel. This should be an easy decision if you think about it. Every vehicle has four tires and they are the only part that constantly touches the road, making them the most vulnerable or prone to damage. Also, a vehicle cannot function properly if there is any damage to one, or all, of their tires. I am sure that every customer that comes through the business office can remember that time where they had to pay a large out of pocket sum to replace their tire(s) unexpectedly!

After doing some research statistics show that Road Hazard Protection has the highest incident rate of claims. This proves that the need is definitely in the market place. However, as with any product, it is not important that we understand the need/importance of this product, but that the customer does. With that, how do we ensure that the customer fully understands how valuable Road Hazard Protection is? This can be accomplished through a proper interview, product education, and a personalized presentation.

Proper Interview

A proper interview is essential to any product presentation. With regard to Road Hazard Protection, establishing the annual miles driven during a proper interview will create a stronger need awareness for the customer. Here is an example of how to establish the annual miles driven during the interview:

“It looks like you drive 18,000 miles per year. Do you think your driving habits will stay the same? With that much time on the road, I bet you see a lot of crazy things. What was the last thing you had avoid in the road?”

In addition, asking, “How are you planning on using the vehicle?” will provide a wealth of information regarding the type of environment they will be driving on.

Product Education

One of the biggest misconceptions that customers have regarding their Manufacturer’s Limited Warranty is what exactly is and is not covered on the vehicle. Most customers are not fully aware that the manufacturer will only cover the tire against defects and not damage due to road hazards. Also, many customers are not aware that if a tire is defective and a claim is paid, the refund is a pro rata refund. This valuable information is usually something that customers are not fully educated about, so take time to point this out and to further justify the Road Hazard Protection during the personalized presentation.

TIP: When having this discussion, consider using a visual such as the Manufacturer’s Limited Warranty booklet, the tire warranty brochure, or a graph. An easy visual may help the customer understand these details instead of reciting all of the technical language used in the actual warranty.

Personalize the Presentation

Personalize the presentation using the information you gathered during the interview. Imagine that you are an artist with your words during a presentation and it is your job to discuss the products in a way that the customer will see their value. Using the information uncovered during the interview, (i.e. driving habits, areas and conditions they drive in, and if they frequently have to avoid road debris) will also illustrate the value of Road Hazard Protection that is specific to their needs.

Here are a few additional tips to help increase Road Hazard Protection penetration:

1. Know the product – It sounds simple, but you will be at a distinct disadvantage if you do not have the proper understanding of what you are selling. When was the last time you read your Road Hazard Protection contract? The easiest way to learn about a product is to read the contract. Everything you need to know right there. Also, pay particular attention to the definition of a road hazard. The standard definition of a road hazard is debris that is in the road that should not be there, such as potholes, nails, glass, etc. Road hazards can also include curbs, depending on the coverage. That small difference of whether or not coverage includes curbs could be very valuable to a customer, which is why it is important to know the definition of a road hazard based on the product that you offer.

2. Know the cost of the tires and wheels – This should be done for every make and model of vehicle offered in your dealership. Create an evidence manual that contains a copy of a parts department invoice for each type of tire and wheel you have on your lot. Therefore, if you are discussing a 20-inch chrome wheel with the customer, you know the cost and can justify it using current and relevant information.

3. Identify and know your competition – Your competition may include auto centers such as Goodyear, Firestone, Discount Tire, and/or National Tire and Battery (NTB). What types of coverage do they offer? Is their protection for all four tires or is it offered individually so each tire would receive its own charge? Furthermore, will the customer be required to purchase new coverage each time a claim is made and the tire is replaced at a pro-rated refund?

On the other hand, your in-house Road Hazard Protection will cover a vehicle for up to five years no matter how many sets of tires you go through, the refund is not prorated, and it covers your wheels at a \$0 deductible. When you compare these two coverage options to your customer, the answer should be clear of which one to choose.

4. Know the conditions of the roads – Make sure that you are well versed in the road conditions for the city/town and state that your dealership is located in. Remember that one of the first things to disappear in most municipal or state budgets is funding for road repair and upkeep. Plus, in most of my travels, there always seems to be never ending construction on the highways. If that is also the case in your area, that construction will definitely cause road hazards.

5. Visuals or silent sellers – These can be helpful selling aides displayed in your waiting area or office that illustrate the need for protection without saying a word. A great example would be a tire and wheel that had been damaged by road debris.

My last tip for improving Road Hazard Protection penetration is simply to present it to 100% people, 100% of the time. I know we always talk about the 300% rule in our business, but the reality is that it works! With vehicles rolling off the assembly line with 20 or 22-inch rims and low profile z-rated tires, Road Hazard Protection is a product that most customers need to strongly consider. As a professional consultant, we would be doing them a disservice not to thoroughly discuss it with them.