



Value Demonstration

The magazine's F&I wiz draws up the perfect way to illustrate a pre-owned vehicle's remaining warranty and the value of purchasing additional coverage. **By Ron Reahard**

Our question this month comes from Drew in Wichita, Kan., home of Chance Rides — where it appears people do like to take chances. Here's his question: "Ron, what kind of visual aids can we use to demonstrate the remaining factory warranty on a pre-owned vehicle? And what kind of visual aids can we use if there's no factory warranty remaining?"

Drew, experts tell us 65% of people absorb and recall information best when they see it with their eyes. And we've all heard the expression, "A picture is worth a thousand words." Well, in the F&I office, a visual aid is worth \$1,000.

Helping a customer "see" why they need a vehicle service contract (VSC) is always more effective than just telling them they need it. So we want to use a visual aid to explain the manufacturer's warranty and help the customer see the need for extended coverage. If you're unsure what the factory warranty is on a particular used car, you can use the Official Warranty Guide or go to our consumer website, auto-consumerinfo.com, to confirm what the warranty is on the used vehicle the customer is purchasing.

Once you know what the warranty is, you can easily determine how much factory warranty remains based on the original in-service date and miles. If the vehicle is still under the manufacturer's warranty, it's eligible for new-car coverage from most VSC

providers. Obviously, that's the coverage we want to offer the customer, since it provides the most comprehensive coverage for the longest term and miles. So let's assume you're selling a two-year-old Chevrolet Malibu with 28,000 miles on the odometer. The illustration below will help the customer see his or her need for the VSC. Let me explain how it works:

1. Draw out the graph in front of the customer (I used a green marker) to illustrate the factory warranty coverage.
2. Point out to the customer that

"When would you say a vehicle is most likely to have a problem? In this area here (pointing to blue-shaded area) or in this area out here (point to the area outside of the factory warranty coverage)?"

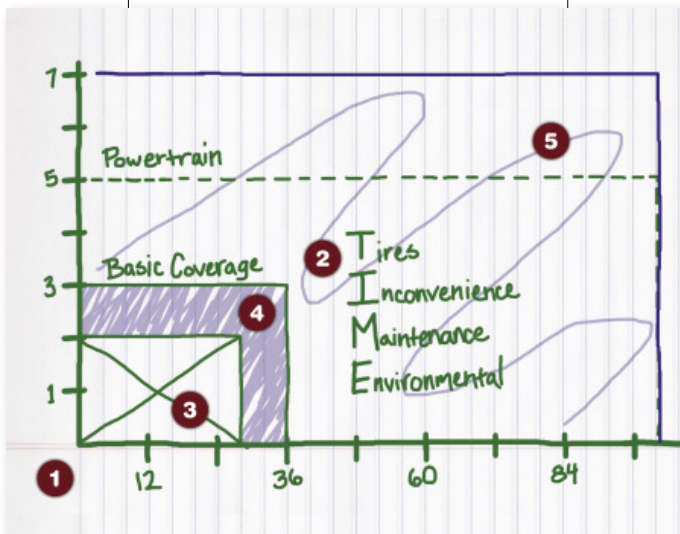
The customer will almost always respond, "After the factory warranty has expired." And when they do, you respond, "I would have to agree. That's why, in your case, the service agreement is absolutely critical. See, you're not financing this vehicle for one year, you're financing it for four years, right?"

The customer will almost always answer "Yes" to that question, giving you the right to go for the close.

Don't forget to check out my So Here's the Deal Blog on www.fi-magazine.com. There you'll find my video response to this question and others. And if you have a question or a customer objection you'd like me to address, send in your video today. If we use it, you'll receive a free pass to Industry Summit 2015, scheduled for Sept.

8-10 at the Paris Las Vegas. And remember, it's a beautiful day to help a customer! ■

Ron Reahard is president of Reahard & Associates Inc., a training company providing F&I classes, workshops, in-dealership and online training. Use your mobile phone to record a brief video (shot landscape style!) of you posing your question and upload it to www.hightail.com/u/REAHARD.



the factory warranty doesn't cover T.I.M.E., which stands for tires, inconvenience, maintenance and environmental damage.

3. Cross out the portion of the factory warranty that has expired.

4. Use a different color pen or marker to shade in the customer's remaining basic coverage (I used blue in my illustration).

5. Once you've disclosed the vehicle's remaining coverage, ask,