

## WINNING THE PRICE WAR IN THE SERVICE DEPARTMENT

A customer that is requesting a price is one of our biggest challenges in the service and parts departments. Many times those questions come in the form of a phone call and always, it seems, at your busiest times. Some dealerships have even gone so far as to not quote prices on the phone. However, price shoppers actually represent a good opportunity to increase our business *if handled correctly*.

Many price shoppers already have at least one price -- or at least the perception of a price -- and sometimes several prices at their disposal. Don't just blurt out our price on request! If you do, your chances of getting the job are not good *and* you'll also be building negative price perceptions in your marketplace.

We have to understand that we are probably not the lowest-cost service provider in our market due to our higher labor and OEM parts costs. Therefore, you must *build value before you quote any prices*.

To start with, when asked for a price, always answer a question with a question. For example, if a customer says, "How much is your brake job", you should ask, "What kind of vehicle do you have?", or "What kind of symptoms is your vehicle exhibiting that makes you think your brakes may need replacement?", and, "Would you be more interested in the original equipment parts, or a less expensive but lower quality aftermarket part?" In short, you've got to get more information from your customer so that you can sell your product or service more effectively.

Once you've gathered a little information and have a conversation going, you can then begin educating the customer by explaining the benefit and quality of what we do. Let's take a specific example: If a customer called me and asked the price of an oil change, and I say, "\$24.95 plus tax", have I enhanced the value of my product above my competitors? Of course not. By only stating a price, the customer would continue shopping until he or she found a better price. And when they found that lower price -- which they will -- then not only will they go to the lower priced competitor, but you will also be tagged in that customer's mind as "high-priced".

Now, how does this sound: "Sir/Maam, our lubrication service includes changing the engine oil and replacing the oil filter with a genuine factory oil filter. We perform a 15-point inspection of your vehicle's key operating systems, we top off all fluids at no additional charge, and we wash your vehicle. All of this is just \$24.95 plus tax, and we can complete the entire service while you relax in our waiting room." Now, doesn't that sound better than just saying "\$24.95"? We've just elevated our oil change to a much higher quality level.

Now I know that it sounds like a lot of time and effort spent selling a product that doesn't give us much profit, if any. But we'll make even less if our technician's stalls are empty. Look, this is a win-lose-draw business. On some work, we'll win. On some work, we'll draw. On some work, we may even lose. But it's important to remember that we're in a relationship business, not a transactional business. You can't focus on any one specific transaction. We want to build a long-term relationship with the customer. As a Service Advisor, I want all my customer's work. That's how I can increase customer retention and build long-term customer loyalty.

Think about this: dealerships start with 100% of the customers. We sell all the new cars. But, by the end of the warranty period, we have less than 30% customer retention in our service

department. Imagine the effects on your business if we could improve that to just 50 or 60%. It'd be huge!

If we make an intelligent and value-building presentation on all of our services, even (and especially!) an oil change, we have an excellent chance of selling the customer. And, if we handle the customer well when they come in, we have an excellent chance of having the customer return to us. When he returns to us, we'll make money. And that's what customer retention is all about! All of this comes from spending an additional 20-30 seconds explaining an oil change to remove price as the primary issue.

Now I know that Service Advisors don't always have the time to spend to make a good presentation. What are you supposed to do when they have two customers waiting and the phone's ringing?

You've got to call the customer back. There's no advantage in trying to juggle a waiting customer and quickly process a phone call. You'll do neither well. Instead, you should say to the phone customer "Mr. Customer, I have another customer with me at the moment. May I call you back in less than 10 minutes with the information you need?"

But what if the customer is just calling to ask the price of an oil change and doesn't want a call back?

If you're going to give them the price now, then you must spend the extra 20-30 seconds to do it right. Your waiting customer will probably be surprised at all you do on an oil change. Just don't shortcut the process, **ever**, or you're both wasting your time and sending the message that we are high priced.

And that's how you lose the pricing war in your market.