

F&I Related Article: Tracking Anti-Theft Sales

Excerpts from *F&I Magazine February 01, 2008* - With the National Insurance Crime Bureau (NICB) saying a vehicle is stolen every 26 seconds and F&I offices armed with a variety of product options, the anti-theft category is definitely relative these days. The main challenge is today's consumer psyche, but dealers say there are ways to overcome this obstacle.

A good place to start is with the type of coverage the consumer will use to insure his or her vehicle. F&I managers can then build their pitch from there.

"Consumers don't realize that when their vehicle is stolen and not recovered, they not only lose the car and down payment, but the cost is not fully paid by the insurance company," said Bob Corbin, president and COO of Innovative Aftermarket Systems (IAS). "The warranty paid by protection products can make up for this, and can even go as far as replacing the vehicle."

There are several strategies dealers can adopt to increase acceptance rates of vehicle protection and recovery products. The key is to get creative, and not to take a one-dimensional approach to this product category. Dealers and product providers offer seven tips and recommendations for taking on this market.

1. Be able to relay prevention and recovery stories to your customer

F&I managers should research and collect newspaper articles about recovery or prevention success stories. This makes the chance of the customer's vehicle being stolen more of a reality. It also speaks to the success of the product technology while illustrating what a problem theft can be.

One such story appeared in the *Providence Journal* this past December. A woman was delivering groceries to a 92-year-old couple when her car became stuck in the snow. A man at the scene said he'd help her push her 2007 Mercedes — a dealer loaner — out of the snow. After a couple of attempts the man suggested that he get in the car to help guide it out. By that time, several other people had joined the effort. When the vehicle finally broke free, the man took off. Equipped with LoJack, the vehicle was later recovered by police.

"Sonic's dealership finance managers are trained to share the benefits of anti-theft products in terms of what a stolen vehicle will cost a consumer beyond their auto insurance, the inconvenience of theft, and disclosure of publicly available statistics from auto theft in the customer's geographic area," said Richard O'Connor, vice president of finance and insurance for the dealership.

2. Stay current with local, state and national vehicle-theft rates

If your dealership or surrounding area has particularly high theft rates, this may make the customer realize how important protecting his or her vehicle is. A good source for this information is the NICB, which provides lists on communities with the highest theft rates. Local law enforcement offices should be another place dealers check with, as well as the local newspaper's police blotter.

3. Check if your inventory contains vehicles coveted most by thieves

Dealerships should also pay attention to the NICB's annual list of most frequently stolen vehicles, as well as check with their local law enforcement. "Customers are buying good cars, but those cars also have a reputation of being more prone to theft," said Eric Langone, finance manager at Boch Honda in Norwood, Mass. "Purchasing vehicle protection products is a way to get out of being in a bad situation."

4. Inform customers of possible insurance discounts associated with anti-theft devices

Most insurance companies will give some sort of rate discount for vehicles with protection products. However, they may not advertise this information. So consumers may need to shop different insurance companies and "twist arms" to get those discounts. "These products could pay for themselves in what you save on premiums," explained Frank Scafidi, director of public affairs for the NICB. Some insurance companies that offer anti-theft discounts include State Farm, Nationwide, Allstate and GEICO.

5. Stay current with factory-made security systems

Because factory systems lack shock sensors, the audible alert won't sound off if a window is broken. Aftermarket systems can be equipped with shock sensors to allow for this type of security. This can be key to protecting the contents inside the vehicle.

"A lot of customers come in and see 'security system' on the window sticker, then wonder why they need additional security for their vehicle," said Langone. "F&I managers must understand what kind of security the vehicle offers."

Convenience features are another consideration. Several factory systems now tout remote start and window roll-up control. However, aftermarket systems can take this even further. When selecting a vehicle security system your dealership will offer, make sure to ask how many auxiliary connections the system offers. The more you have, the more features you can offer.

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6. Take a layered approach to vehicle security

With 1.2 million vehicles stolen every year, the fact is most vehicle thieves are advanced enough to bypass almost any deterrent, whether it's a steering wheel lock or an alarm system. "If a really good auto thief wants your car, they're going to drive away with it no matter what," said the NICB's Scafidi.

This is one of the reasons why the NICB promotes a layered approach to protecting one's vehicle. An emerging component of this tactic is vehicle recovery systems.

Although cost can be a factor with consumers, the biggest challenge for this category is consumer awareness. {+PAGEBREAK+}

"The vehicle recovery piece of the market is tiny," said Guidepoint's Mueller. "Between everybody doing this on the consumer side, collectively, we might sell a million units out of the 16 million vehicles that are sold each year."

The problem is that consumers don't realize vehicle recovery products can pay for themselves.

"Some customers say that they don't need a tracking system because they don't drive outside their city area. A good response to that is, 'That might be the case, but it won't be for the thief,'" Mueller added. "Today, the whole notion of getting your car back, from an insurance standpoint, is important. As soon as you get your car back, the cost goes down. That's why insurance companies give discounts for this kind of device. Damage goes through the roof when cars are stolen."

LoJack is one of the most recognizable vehicle recovery systems, which uses radio frequency technology to track down vehicles. Another approach uses GPS tracking, which allows vehicle owners to track their vehicles via the Internet. Dealers don't have to choose between the two types, either, as both have their advantages and disadvantages.

Devices that work via radio frequency allow law enforcement to track vehicles even if they're hidden in covered structures. However, these devices also rely on the provider's relationship with law enforcement.

The downside of GPS tracking devices is that they require a direct line of site. However, many of these systems allow users to monitor their vehicle's location online at any time. In other words, consumers don't have to become victims of vehicle theft to see the product in action. This is one of the reasons why providers recommend marketing these devices as a way for parents to monitor their children's driving habits.

7. Institute a good-better-best approach to vehicle-security sales

When it comes to selling anti-theft and tracking systems, dealers should adopt the good-better-best approach used in menu selling. Experts say doing so increases the dealership's chances of making the sale.

"Dealers tend to get locked into doing things a certain way," said Mueller. "But if you offer more than one recovery product, you have a higher likelihood of selling the product."

This recommendation is especially true if price is the objection. Innovative Aftermarket Systems' Corbin said products such as window etch and body-part marking could be the perfect low-cost option for this strategy.

"Body-part labeling is so inexpensive that dealers should install it on every vehicle on the lot," suggested Corbin. "This eliminates the need for the customer to come back to have it installed, and it's not a huge loss if it doesn't get purchased."

Among IAS' 2,500 dealers, those who pre-install the product have an average acceptance rate of between 50 and 60 percent. That percentage drops to 35 to 40 percent for those that don't, said Corbin.

"These products are effective deterrents against theft, because most auto theft is committed for the purpose of stealing and reselling parts [which cannot be done with identification markings on the parts]," explained Douglas Duncan, founder and CEO of Safe-Guard Products International. "Body-part marking is non-intrusive to automobiles and it's relatively low cost for the consumer."

BEST

LoJack w/ Early Warning,
GP5000, and Extended
Recovery Warranty

BETTER

LoJack w/ GP5000, and
Extended Recovery
Warranty

GOOD

LoJack with
Extended Recovery
Warranty