

Automotive News

Dents bump F&I profits

More customers buy dent repair plans

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Dent removal in the last three years has evolved from a used-car reconditioning service into a profitable insurance product.

For more than a decade, dealers often have relied on painless dent repair services to spruce up used-car inventories. The specialists would remove small dents from exteriors without marring the original finish.

Now dealers sell service plans covering dent removal for up to five years. The concept is getting traction, particularly from luxury car buyers.

Luxury customers are more particular about the finish on their new vehicles. A higher percentage of them also lease their vehicles. Lessees want to remove dings to avoid excess wear-and-tear charges when the lease expires, dealers explain.

Some dealerships that package ding protection with other services, such as tire or windshield coverage, sell the product to as many as 40 percent of the customers they finance. "We sell approximately 25 new Cadillacs a month, and we sell an environmental protection package with ding protection on 35 to 40 percent of them," says Jerry Mouser, business manager of Jack Schmitt Cadillac in southern Illinois.

Mouser says that before he added ding repair, he sold 10 percent of his new-vehicle customers the five-year environmental protection package, which includes protection of the exterior paint and interior fabric and leather surfaces.

National clients

Dent Wizard, of St. Louis, has signed national contracts to provide dent removal to three large publicly held dealership groups: Asbury Automotive Inc., AutoNation Inc. and Sonic Automotive Inc.

Dent Wizard, a dent-removal service with 1,000 technicians nationwide, has been

promoting its Ding Shield service contract since 2002, says Lindsey Bird, vice president of sales. Although the company sells just 1,000 Ding Shield policies through 300 dealers a month, Bird says he believes business will pick up, particularly after adding AutoNation, the nation's largest dealership group, as a client this summer.

Sonic Automotive, the first public retailer to offer the policy, signed with Dent Wizard four years ago because the service had a nationally recognized brand. The Charlotte, N.C., dealership group, which has 140 dealerships, primarily sells ding repair from the service drive and uses the service to recondition used cars, says Richard O'Connor, Sonic's vice president of finance and insurance. But a few of its 50 luxury dealerships are selling 20 to 40 Ding Shield policies a month, he says.

Dent Wizard recently improved the program. For example, customers who purchased the service plans formerly received a book of coupons for free dent repair, Bird says.

Now, O'Connor says, policyholders receive a plastic card the size of a credit card. When their vehicles are dented, they show the card at the dealership.

Ding Shield contracts run for three to five years. Dealer cost ranges from \$180 to \$250, and the policies typically retail for \$400 to \$600, Bird says.

Packaged right

Innovative Aftermarket Systems, an Austin, Texas, provider of F&I products, has been



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promoting painless dent repair since April. Its volume has exceeded 2,000 policies a month, says company President Bob Corbin.

The company, known as IAS, sells the ding coverage in one- to five-year terms. The dealer cost is \$119 to \$159, and the contracts generally retail for \$299 to \$499.

The dent repair is performed locally through a service the dealer chooses.

The product sells best packaged with other services, Corbin says. IAS offers dealers a "Multi Shield" contract for up to five years that covers door panel dents, windshield chips, tire blowouts, wheel damage and emergency roadside assistance for \$175 to \$215 dealer cost. The package retails for \$300 to \$500, depending on the vehicle and term.

Says Corbin: "All those items would fall within the deductible of a typical auto insurance policy." **AN**