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Service lane can be an F&I shop, too

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Leveraging social media and spiffing independent shops for referrals helps Nestor Alvarez sell 30 service contracts a month in the service lane of a Miami-area dealership.

At Infiniti of Coral Gables, vehicle service contract sales extend beyond the F&I office.

By leveraging social media and spiffing independent shops for referrals, Nestor Alvarez sells 30 service contracts a month in the service lane of the Miami-area dealership.

As service director, Alvarez says 30 contracts a month is only the beginning. He made a name for himself in auto retail at Warren Henry Automotive Group, where he began selling vehicle service contracts in 2011.

In April, he brought his process, and his slogan, "Ask Nestor," to the Infiniti store with the goal of selling between 40 and 50 contracts a month, generating his service department between \$50,000 and \$80,000 in additional gross profit.

At Warren Henry, "I started the concept to bring the service drive more gross," Alvarez said. "The general manager said, 'You sell it, you keep it,'" Alvarez said. "So we did very well."



Nestor Alvarez

The goal is to sell as many contracts as possible and keep customers from straying to smaller shops.

Leveraging relationships with independent shops, however, has also been key to his success. Alvarez pays "bird dog" fees to about 25 independent service centers, body shops and auto insurance providers in his area, spiffing between \$200 and \$300 per referral. Independent shops are rarely licensed to sell F&I products, Alvarez said, and would gladly send over a customer outside their warranty for some extra cash.

Competition

Once he has a customer's VIN and the miles on the vehicle, Alvarez can generate a quote.

The shop then performs a free inspection, he said, and gets the vehicle up to date on service so that the customer qualifies for the contract.

If any of the 900 service customers who come through Infiniti of Coral Gables every month has a vehicle out of warranty, and that vehicle is not a lease, that

customer will leave with a quote for a service contract from either Alvarez or one of his service employees, he says.

Motivated F&I staff

At the dealership, selling the contracts in the service department doesn't cannibalize F&I profits from the office; it just prevents the store from letting profit slip through the cracks, he said.

"Finance has one shot. We also have another shot. If F&I didn't push it; they wanted to keep the payments down ...they know they lost [the sale]," Alvarez said.

Alvarez figures, if F&I didn't sell it, why shouldn't the service staff try?

In fact, Alvarez says that selling service contracts in the service lane motivates the F&I department to [sell more service contracts](#) to keep up.

The contracts also go beyond Infiniti vehicles. Alvarez says unless the vehicle is leased, every service customer who doesn't qualify for the factory warranty gets a quote.

The contracts are provided by EFG Cos. and can be sold on vehicles with model years as late as 2010.

While his current strategy is similar to the process he launched in 2011, developments in vehicle technology and digital platforms have made the system more efficient.

Alvarez established himself as the poster child of service contract sales in his market, with pamphlets bearing his name and slogan plastered across his dealership and independent body shops in his area.

But social media spreads his message farther than before, he says, and adds no cost to his department. The dealership is active on Instagram, Facebook and Twitter.

"Social media is free marketing. People don't read the mail. People do read their phones. If you get the word out, that's where you want to be," Alvarez said.

His goal is to make selling service contracts competitive and to have every member of the business development center and service department committed to the process.

Monthly contests

Consistency and competition are key. Monthly contests motivate employees to sell contracts. Service employees must sell a minimum of four contracts a month to qualify for prizes such as TVs, tickets to cruises or gift certificates to local restaurants.

At Infiniti of Coral Gables, it wasn't difficult to get the relevant departments on board. Some employees make \$1,000 to \$1,800 a month on the service contracts alone.

"We work \$40 maybe gross on an oil change, if that," Alvarez said. "It would take 30 oil changes to generate what one policy returns in gross."

Inline Play

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