



*Jim Moran & Associates, Inc.
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JM&A's Foster: Sell Service Plans in Your Service Department

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By Richard Truett

Toyota and **Lexus** dealers in the Southeast have seen fairly steady sales of extended service contracts on new and used vehicles, says **Bruce Foster**, 42, director of the Performance Development Center at **JM&A Group**, a unit of **JM Family Enterprises**, the southeast regional **Toyota** distributor. At these dealerships, service managers are pitching to customers the value of having the coverage.

Foster spoke with Staff Reporter Richard Truett.

How are sales of extended service contracts?

JM&A has not seen a significant drop in product penetration. In fact, on many makes and models, as well as used cars, penetration percentages have been on the rise in our dealers' stores.

Since people are keeping their cars longer, are more consumers coming back to the dealership after the sale to buy the contract?

We have not seen a dramatic increase in customers coming back to the dealerships to buy extended service contracts, but we have seen significant success in our dealers' ability to sell them later on in the service drive.

We train service advisers and develop their product knowledge and the overall customer experience in the service department. We have seen a direct impact in volume of product sales.

Are dealers having a tough time getting extended service contracts financed?

Consumers have had greater difficulty during the past several months obtaining financing due to increased credit requirements.

Over the past several years, consumers were accustomed to being able to purchase vehicles with little or no money down. Unfortunately, those days have passed.

Lenders are now asking consumers to come up with more money down.





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Has **JM&A Group** lowered the cost of the extended service contract to keep sales?

We have not reduced our product costs to dealers.

The training we provide our dealer customers in selling products to the consumer is both consumer-friendly and highly effective and clearly establishes the importance of the product.

