

October 17, 2006

Are you overstating your product's benefits?

by Gil Van Over

We spent some time last summer at a worldwide chain's hotel at the base of the Eiffel Tower. Come to think of it, Paris' family may still have an interest in this chain. One hundred nights a year at this chain and Diamond status notwithstanding, I chopped up my Diamond card today and sent it back to the company.

Why? Because they broke a promise to me over one of my benefits.

First, the broken promise. One benefit of my Diamond status, because of my loyalty to this company's brand, was a promise that I was guaranteed a hotel room as long as I called 48 hours before my arrival.

I am headed to Greensboro today. When I called the Diamond desk on Friday to book a room, I find out that there is an annual furniture maker's convention consuming the entire town. My luck is my timing. I politely told the operator that I am a Diamond member and want a room. I was condescendingly told that all the hotel rooms in Greensboro are sold out and were pre-paid, so I couldn't invoke my Diamond status. Three phone calls later (first one a mysterious hang-up and the second one a transfer to a desk clerk in Greensboro) a supervisor essentially told me tough luck.

Ironically, two travel partners on this engagement invoked their Platinum privilege with another chain, and were able to get rooms. I, however, am staying in Charlotte.

My severed Diamond card is taped to a letter and on its way to corporate. I am severing ties and switching loyalties.

You could face a similar situation, or a complaint or potential litigation if your F&I Manager is over-selling the benefits of your F&I products.

Take Gap, for example. If your menu states that Gap will cover the difference between the loan payoff and the insurance settlement, you may be overstating the customer's potential benefit. If your policy, and many today do this, limits the coverage to a percent of MSRP or NADA retail value, some customers may not be fully covered as your menu states. Likewise, if the customer remains responsible for a deductible, your words may not be accurate.

Service contracts can cause another concern. Many F&I Managers like to use the term "Bumper to Bumper" in their features and benefits presentation. That is fine, as long as the service contract does provide such coverage. If the service contract is limited such that some components between the two bumpers aren't covered, your manager may have overstated the benefit.

Truncating Credit Life or limiting benefits on Disability insurances can cause similar problems if the manager's word tracks convey that full coverage is in effect.

Likewise, providing labels to groups of products can be potentially misleading. This can occur when F&I Managers are using handwritten menus and label a group of products as "Secured Loan" or "Full Coverage". I suspect many consumers would interpret those labels to mean that every available product is included in that package. If you have more than one F&I Manager, each may be offering a different set of products, yet all calling the packages the same name.

Because of a broken promise, I sent a letter and shifted my business. It's possible your customers may take similar actions with you over promises made it the F&I office. They, however, may go the extra step and file a complaint with your Attorney General, contact Eyewitness News or see one of the dark side attorneys.

Gil Van Over is the President and founder of gvo3 & Associates (www.gvo3.com).

© 2006 by gvo3 Consulting, LLC. All rights reserved.

Published by [Dealer Communications](#)

Copyright © 2006 Horizon Communications Inc.. All rights reserved.

Information in this newsletter is provided by both proprietary and public sources. Dealer Communications makes no claims as to the accuracy of information provided by third party providers.

Powered by [IMN](#)